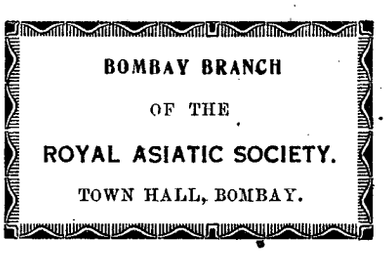
Government of India.

Financial Statement

1903-04

00134388



Digitized with financial assistance from

Government of Maharashtra

on 01 February, 2020

LIBRARY
OF THE
BOMBAY
BRANCH
OF THE
ROYAL ASIATIC SOCIETY.

00134388

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT FOR 1908-1909.

CONTENTS.

PART I.

134388

	Para.	Page
Introductory	1	3
Changes in the form of Accounts	8	4
Accounts of 1906-1907	28	8
Revised Estimate for 1907-1908	33	9
Budget Estimate of 1908-1909	53	13
Military Expenditure	67	16
Railway Construction and Earnings	71	17
Irrigation	78	19
Ways and Means	83	20
Note Circulation	86	21
Coinage and the Mints	87	21
Exchange	90	22

PART II.

DETAILS OF ACCOUNTS AND ESTIMATES.

	Para.	Page
I.—Accounts of 1906-1907	102	25
II.—Revised Estimate of 1907-1908	109	27
III.—Budget Estimate of 1908-1909	129	33
IV.—Statements comparing the Estimates under the more important heads of Revenue and Expenditure with the actuals of past years—		
Land Revenue	158	42
Opium	159	44
Salt	161	45
Stamps	163	45
Excise	164	46
Provincial Rates	165	46
Customs	166	47
Assessed Taxes	167	48
Forest	168	48
Interest Receipts	169	49
Interest Expenditure	170	50
Post Office	171	50
Telegraph	172	50
Mint	173	51
Civil Departments	174	52
Miscellaneous Civil Charges	175	53
Famine Relief and Insurance	176	53
Railway Revenue Account	177	55
Irrigation	178	55
Other Public Works	179	56
Military Services	180	57

	Para.	Page
V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue—		
Railway Construction	181	59
Irrigation Construction	186	60
VI.—Provincial Finance	188	61
VII.—Ways and Means—		
Home Treasury	194	64
India	208	70
VIII.—Summary	215	73

APPENDIX I.

ACCOUNTS AND ESTIMATES.

	Page
I.—General Statement of the Revenue and Expenditure charged to Revenue of the Government of India, in India and in England	78—79
II.—General Statement of the Receipts and Disbursements of the Government of India, in India and in England	80—81
A.—Statement of the Revenue of India, in India and in England	82—83
B.—Statement of the Expenditure charged to the Revenues of India, in India and in England	84—87
C.—Statement of Receipts and Disbursements of the Government of India, in India and in England	88—91
D.—Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial settlements	92
E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England	93

APPENDIX II.

Memorandum by the Joint Secretary, Military Finance, on Military Expenditure for the years 1907-1908 and 1908-1909	95—104

APPENDIX III.

Memorandum by the Railway Board on the results of Indian Railway working, 1907-1908, and proposals for 1908-1909	105—108
A.—Statement of anticipated Capital Expenditure on Railways, 1908-1909	109—113
B.—Statement showing proposed lines which are under negotiation for construction by private companies	114
C.—Memorandum on the construction of Railways	115—136

APPENDIX IV.

COMMERCIAL AND FINANCIAL STATISTICS.

I.—Miscellaneous	138
II.—Guaranteed Railway Companies: Financial Results	140
III.—Capital expenditure on State Railways	141
IV.—Capital expenditure on Irrigation Works	145
V.—Receipts and Working Expenses of Railways	147
VI.—Receipts and Working Expenses of Irrigation Works	151
VII.—Capital Account of Guaranteed and Subsidized Railways	154

PROCEEDINGS OF COUNCIL, 27TH MARCH 1908.

Discussion of the Financial Statement	157—235

FINANCIAL STATEMENT FOR 1908-1909.

PART I.

Introductory.

I beg to present the Financial Statement for 1908-1909, together with the usual accounts and appendices.

2. The dominating feature of the present budget is the famine which unhappily is widespread over a large part of Northern India, and some other tracts elsewhere. The course of the monsoon during the autumn of 1907 bore some resemblance to those of 1896 and 1899, but on the whole the failure of the rains was less extensive, and the resultant distress is both more restricted in area and with some local exceptions less severe in intensity than on those occasions. Nevertheless the calamity which has befallen the country is of no small magnitude. It extends, roughly speaking, to the greater part of the United Provinces, to the eastern districts of the Punjab, the northern half of the Central Provinces, some parts of Bengal and Bombay, and many of the Native States in Central India, besides isolated tracts in other Provinces. The area in which famine has been declared to exist is approximately 118,000 square miles in British India and about 15,000 square miles in the States of Central India and has a population of about 49 millions. In these tracts the outturn of the *kharif* crops over the whole of the United Provinces and the greater part of the distressed areas in other provinces is a good deal less than half of an average crop, and in the worst tracts very much less. The distress would have been much more severe but for the fall of useful rain in September and October in Bombay, and but for the winter rains which, though late, were of enormous benefit in Northern India. Even as it is, the export of wheat has been almost wholly stopped in consequence of the prevalent high prices in India, and a great part of the Burma rice crop which was fortunately abundant has been diverted to India to take the place of that which had been lost.

3. The general situation is thus less serious than in 1897-1898 or 1900-1901, and the financial position is also stronger than in those years. In the former year Sir J. Westland was forced to budget for a deficit of £1,643,000, of which a great part, though doubtless not the whole, was due to famine. In the latter, Mr. Clinton Dawkins, with the aid of improved exchange, was able to secure practical equilibrium with a small surplus of £160,300. On the present occasion, although the surplus of £774,600 for which we had budgeted last March is likely to be reduced to £235,400, we nevertheless hope, if the ensuing monsoon is normal, to secure much more favourable results in 1908-1909, and I am able to estimate for a surplus of £571,500 at the close of the ensuing year, notwithstanding the very liberal provision for suspension and remission of revenue which is referred to below. In part these results are due to the smaller extent and severity of the present famine. That, however, is not the only reason. The lessons of the two famines of the past decade have not been lost on us. In the first place our machinery for combating distress has been brought by the teaching of experience to a higher pitch of efficiency than before. Secondly, it is now a primary canon with us to issue takavi advances on the most liberal scale and by the promptest possible methods the moment that the situation has clearly declared itself. Thus in the present year over 2 crores of rupees have already been distributed or sanctioned for distribution in this way, and 2 crores are being provided for issue next year, making upwards of 4 crores in all, as compared with 2·3 crores in 1896—1898, and 2·9 crores in 1899—1901. Moreover, in every province, the arrangements for the suspension of revenue at the first sign of distress are far more highly developed than before. In the current year, nearly 222 lakhs of revenue have already been suspended, and about 135 lakhs more will, it is estimated, be suspended in 1908-1909, making 357 lakhs in the two years. Of this sum, a large proportion will necessarily be remitted, but it is too soon to frame any definite estimate of the amount. Not only have the suspensions of revenue been on a very liberal scale; but, what is at least equally important, they were made with great promptitude when it was certain that the crops must fail.

4. Partly owing to these measures and partly, we may reasonably conclude, owing to the greater resisting powers of the people the numbers of those to whom it has been necessary to give direct relief have been much less than in previous famines. In the Province most severely affected—the United Provinces—the numbers at first rose very slowly; the liberal grants of takavi encouraged cultivation and the construction of wells, and maintained the demand for agricultural labour. In January the demand slackened and there was a rapid increase in the number of applicants for relief, but even at the end of February the total number in receipt of relief from the State in British districts, which in the two previous famines at that date exceeded or approached three millions, amounted to less than a million and a quarter. Some further increase in numbers may no doubt be expected after the *rabi* is harvested, but according to the best forecasts which the local authorities can now supply the total direct expenditure on famine relief in the two years will not be greatly in excess of 2 crores of rupees, as compared with 930 lakhs in 1899—1901 and 740 lakhs in 1896—1898.

5. The distress caused by high prices has undoubtedly affected all classes, and has pressed with great severity on the urban populations and on all who are dependent on small fixed incomes. But the more painful conditions which we associate with widespread famine in India—the emaciation, the aimless wandering, the disruption of social ties, and the increase of crime—are as yet so rare and exceptional as to be scarcely noticeable. The energy and determination with which the people have themselves faced the calamity have been observed on all hands, and we may reasonably hope that if the coming season is favourable the progress of the country will resume its normal course, without any such check as a famine on a similar scale would have caused in bygone times.

6. The total loss of revenue and increase of expenditure attributable to the famine in the two years has been estimated at about 461 lakhs and 524 lakhs, respectively. Some of the items comprised in these totals however are conjectural, and while they may be taken for what they are worth, I would not be understood to imply that but for the famine our surplus would have been larger by these sums, or even by the Imperial portion of them, which amounts to 302½ and 323½ lakhs, respectively.

7. In view of the foregoing facts, it will be manifest that we are in no position to undertake any measures for the remission of taxation, or to embark on any schemes of administrative improvement involving considerable expenditure. On the contrary the occasion is one for rigid economy and retrenchment wherever it can be effected. The only measures with which we have felt justified in proceeding are set forth in a later part of the present Statement.

Changes in the form of Accounts.

8. The form in which our accounts are presented has been improved since last year in three respects.

Separation of local from general finance.

9. The most important of these changes is the exclusion from our estimates and accounts of the transactions of District Boards and of certain other local funds which used to appear in the Imperial Budget. In the Budget discussion of March 1906 the Hon'ble Mr. Gokhale raised this question, and it was again adverted to a year ago. I then explained that the matter had already engaged the attention of Government, but that the examination of the detailed accounts of the numerous funds which the proposal involved was a matter of time. I am now glad to announce that the Secretary of State has sanctioned our recommendation to remove all transactions of a purely local character from our estimates and accounts; and the following is a brief description of the method by which we propose to give effect to the scheme.

10. The financial transactions of the Government of India have hitherto been recorded under three distinct divisions—Imperial, Provincial, and Local. The two former comprise transactions which may be said to pertain to the general functions of Government, inasmuch as they concern either the general administration or the large commercial or *quasi*-commercial departments—Post Office, Telegraph, or Railways—which are under governmental control. The revenues in these cases, so far as they accrue from taxes, are derived from a system of taxation which, broadly speaking, is common to all India; while the expenditure which is met therefrom is incurred in the interest of the country as a whole. The third section of the accounts, on the other hand, related to a group of funds, known as "incorporated" funds, which are raised locally

(to a large extent in the shape of rates on land), devoted mainly to local purposes, and are, in the most important cases at least, managed by local bodies.

11. The system of embodying the revenue and expenditure of certain local funds in the general accounts and estimates of the Empire dates from a period before local authorities possessed the financial and administrative powers with which they are now invested. It was then natural and fitting, for the accounts of these funds represented transactions which were under the direct control and responsibility of Government. With the spread of financial decentralization, however, the position has altered; and it is inexpedient to encumber the public accounts with entries of revenue which the Government no longer enjoys, and of expenditure which it does not incur. The practical inconvenience of the old arrangements led, many years ago, to the exclusion of municipal and port funds, which were at one time incorporated. The continued incorporation of the funds of District and Local Boards and District Councils has been found to be attended by similar inconvenience, though in a less marked degree. It compels those bodies, for example, to frame their budget at a much earlier date than would otherwise be necessary. It deprives them of the freedom of re-appropriation which Municipal authorities enjoy. It forces them to adopt the Imperial system of classification, which is not well adapted to their circumstances. And it tends to subordinate their requirements to those of Provincial finance, and even occasionally to those of other local bodies. These difficulties were felt also in the case of the other and less prominent local funds which have hitherto been incorporated in the public accounts.

12. The decision now arrived at will effect the complete exclusion of the accounts and estimates of District and Local Boards from the Imperial Budget and the statements appended thereto, thus following the practice in the United Kingdom, where the income and expenditure of County Councils are kept entirely separate from the public accounts. The minor incorporated local funds have been either absorbed or excluded, the decision generally depending upon the agency by which they are controlled. If the revenues are not specially assigned to local management, and the expenditure is under the orders of Government, the fund ceases to have a separate existence, and its accounts are absorbed in the Imperial or Provincial accounts, according to the facts of the case. If, on the other hand, the income and expenditure are clearly under the control of a local authority, the fund has been excluded, and treated for budget purposes exactly like municipal or cantonment funds. Certain exceptions have been admitted to this general principle in the case of funds which have been specially created for local purposes and are administered by Government officers in an *ex-officio* capacity, as, for instance, the funds relating to village police.

13. It is not intended that this change in the method of exhibiting the figures shall involve any alteration in the administrative arrangements of local funds. The exclusion of a fund from the general accounts will not imply the cessation of any control, statutory or otherwise, which Government may hitherto have exercised over its administration, nor any alteration in the status of its employés. The transactions of District and Local Boards will continue to be set forth in full in the Finance and Revenue Accounts, but they will there be shown in a special appendix as is already the case with the accounts of Municipalities and Port Trusts.

14. With the disappearance of the "local" column, the adjusting head used for contributions between Provincial and Local revenues has also been abolished; contributions made from Imperial or Provincial revenues to a local fund, or *vice versâ*, are now charged as expenditure or shown as a receipt (as the case may be) under the head which is most appropriate to the nature of the charge. Thus, a grant to a District Board for educational expenditure now appears under the head 22.—Education; a grant for plague expenditure under the head 24.—Medical; a grant for construction of roads under 45.—Civil Works; and a grant for general purposes—such as a grant to make good a deficit—has been classified under the head 32.—Miscellaneous.

15. The effect of this change is to exclude a sum of approximately £2,433,000 of revenue and approximately £2,231,000 of expenditure from the aggregate figures. Thus in the accounts for 1906-1907, the figures for Imperial, Provincial, and Local according to the old system would have appeared as follows, *viz.*:—

	£
Revenue	75,577,812
Expenditure (including that which is defrayed from Provincial and Local balances)	73,473,676

The figures will now appear as follows, for Imperial and Provincial only :—

	£
Revenue	73,144,554
Expenditure (including that which is defrayed from Provincial balances)	71,242,937

Grouping together of Military figures.

16. The second change in the form of the accounts has been effected in the method of exhibiting the military figures. The military receipts and expenditure have not hitherto been grouped in a convenient way; and in particular considerable expenditure on the defence of India has been hidden away under the head "Marine" which appeared among a group of civil departments. We have now split up this head into two; the new head "Marine" will record the receipts and charges of what is known as the Royal Indian Marine, and takes its proper position among the military group of figures, the total of which shows at a glance the expenditure upon the defence of the country. Receipts and charges connected with the maintenance of river flotillas, pilot services, harbours and the lighting of the coasts will be shown under the new head "Ports and Pilotage" which has taken the place of the old head "Marine" in the Civil Department group of heads. This re-arrangement makes no change in the total figures on either side of the account.

Classification of the public debt.

17. The third of the changes which we have introduced relates to the distribution of our total debt, and more particularly of the interest payable upon it, between the two great divisions of Ordinary or non-productive debt, and Public Works or productive debt. The arrangement hitherto in force has been faulty inasmuch as it has operated to show too large a part of the aggregate interest charge as pertaining to the productive debt, and too small a part as pertaining to the ordinary debt. I proceed to explain how this result has ensued and how we propose to rectify it.

18. In a certain number of cases we have raised loans specifically for the purchase or construction of railways. A recent instance of this occurred in 1905-1906 when India stock to the amount of nearly 12½ millions sterling was issued for the purchase of the Bombay, Baroda and Central India Railway. When a loan of this kind is raised, it is naturally shown as Railway or productive debt, and the interest actually payable on it is charged accordingly. In regard to this class of debt, which may be called specific Railway debt, there is nothing to object to, and I need not refer to it further.

19. The bulk of our debt however is not of this character. It has been raised sometimes on account of war, sometimes on account of famine, mostly on account of capital outlay on Railways and Irrigation works; but it has not been specifically earmarked for the one or the other. In order, therefore, to determine what portion of the whole is properly accountable as productive debt, the practice has been as follows. In the first instance, all loans are treated as ordinary or non-productive debt. Then, at the end of each year, the amount actually spent during the year for capital purposes on Railways and Canals is ascertained, and that amount is transferred to the productive debt class, the remainder only being treated as ordinary or non-productive.

20. Of recent years, the sums thus transferred from ordinary to productive debt have usually been considerably larger than the total of the loans actually raised during the year. The explanation of this is that the funds obtained by actual borrowing have been supplemented from other sources, such as revenue surpluses, Savings Bank deposits, net receipts under other non-revenue heads, the Secretary of State's cash balances, and the like. The result has been to effect a gradual reduction of the ordinary debt, while the productive debt has grown more rapidly than the aggregate of our total debt, productive and non-productive taken together.

21. In thus determining the amounts chargeable as productive and non-productive, respectively, there was nothing to object to. But when we came to allocate the interest charges on the two portions of the debt, as thus determined, the position was different. The total charge on account of interest on the whole debt (including discount on loans raised below par) was of course known; but this total charge was not divided proportionately between the two classes. Down to the 31st March 1900, the practice was to calculate interest on the productive portion, determined as explained in paragraph 19 above, at 4 per cent. The charge so calculated was debited to the productive class, and the remainder of the total interest charge was taken to represent the portion

debitable on account of the non-productive class. In 1901, it was decided with the approval of the Secretary of State to calculate interest on productive debt incurred from the year 1900-1901 onwards at $3\frac{3}{4}$ per cent. Now, taking rupee and sterling loans together, each of these rates, both 4 per cent and even $3\frac{3}{4}$ per cent, is considerably in excess of the rate which we have actually been paying on our real indebtedness. It is obvious therefore that the result has been to swell unduly the burden of interest nominally falling on the productive portion of the debt, and to diminish unduly the share falling on the ordinary or non-productive portion. The following figures, which summarize the account as it stood at the end of 1905-06, will show how wide the divergence had become:—

	Amount of debt.	Interest charges.	Rate per cent.
	£	£	
Ordinary debt	54,425,226	954,787	1·75
Railway debt	149,035,455	5,353,212	3·59
Irrigation debt	27,050,799	1,041,456	3·85
TOTAL DEBT	230,511,480	7,349,455	3·18

22. The existence of the specific debt, to which I have referred in paragraph 18, will always result in some difference between the two rates of interest: but it cannot properly amount to anything like so much as the figures in the last column of the foregoing statement would indicate.

23. The remedy we have decided to adopt is simple. The interest on the specific debt will continue to be calculated and charged as at present. But in respect of all non-specific debt, which is more than four-fifths of the whole, we shall cease to adopt any conventional rate for calculating interest on the productive portion: but instead, shall divide the aggregate interest charge between the productive and non-productive portions in proportion to their respective amounts. This will involve some increase of labour in making the calculations, but it will give correct results, which cannot be said of the former practice.

24. The opportunity has been taken to introduce certain other changes, all making for greater accuracy. It has hitherto been the practice to make the transfer of interest from the ordinary to the productive head wholly in the Indian section of the accounts: and this has resulted in a large minus entry in India under head 13—Interest on Ordinary Debt. We have accordingly arranged that the transfer in respect of so much of the non-specific debt as is recorded in the Secretary of State's books in England shall be shown in the Home section of the accounts. This adjustment does not get rid of the minus entry altogether, but reduces it to moderate dimensions.

25. Secondly it has been found that the rate of interest charged on the Railway Revenue account was unduly exaggerated by the fact that while the interest on money which has been advanced to Railway Companies for capital expenditure is debited to the Railway Revenue Account, the amount of such advances (which are made from borrowed funds) did not find a place in the Capital figures of Railway debt. It appeared in the category of Ordinary debt, the interest charge on which was consequently made to appear unduly low. This error has now been corrected, and a sum of over £13 millions has thus been transferred from the Ordinary to the Railway debt. A third minor correction affects the portion of the specific debt incurred in connection with purchase of Railways which is redeemed by the operation of sinking funds; the total debt is reduced by this amount, but the reduction has hitherto been wrongly made from the Ordinary and not from the Public Works portion of the debt.

26. The adjustments indicated above have been made in the Finance and Revenue Accounts for 1906-1907 and the Revised Estimates of 1907-1908 and Budget of 1908-1909.

27. After making these adjustments, I present the figures for the three years reduced to their simplest form, and excluding Capital, Debt and Remittance transactions. They are as follows:—

	1906-1907 (Accounts).
	£
Revenue	73,144,554
Expenditure (charged against Revenue)	71,555,179
Surplus	1,589,375

	1907-1908 (Revised Estimate).
	£
Revenue	70,989,200
Expenditure (charged against Revenue)	70,753,800
Surplus	235,400

	1908-1909 (Budget Estimate).
	£
Revenue	73,438,900
Expenditure (charged against Revenue)	72,867,400
Surplus	571,500

Accounts of 1906-1907.

The following remarks are based on the figures published in the Finance and Revenue Accounts, and include local transactions, as the detailed exclusion of these was not carried out in the Revised Estimate of the past year.

28. Last March we estimated that the year would close with a surplus of £1,326,100. The account as finally made up shows an actual surplus of £1,589,340, being an improvement of £263,240. This represents the result of the Imperial section of the accounts only. The net Provincial and Local surplus was less than had been estimated by £98,704, so that the net result of both sections was a betterment of £164,536.

29. The revenue brought to account was £49,088 less than the estimate. The receipts from Land Revenue, Excise, Forests and Postal Services were somewhat less than was expected; but the principal factor was a large reduction of £323,273 in net Railway earnings, mainly owing to freight on traffic carried at the end of the year not having been adjusted till April in consequence of the Easter holidays. Expenditure on renewals was also somewhat heavier than had been estimated on the Eastern Bengal State Railway and some other lines. On the other hand the receipts from Opium, Salt, Customs and Army were largely in excess of the estimate. In the case of Salt the increase amounted to £72,706. This was due to enormous clearances made in the last 12 days of the year, after the reduction of the duty on the 20th March 1907. Up to the end of February, issues of salt exceeded those of the corresponding period of 1905-1906 by only 5,14,000 maunds. During March, however, 59 lakhs of maunds were cleared, and the actual excess in the whole year amounted to no less than 23,57,000 maunds.

30. Under Military Services, the increase amounted to £122,153, the bulk of which occurred in England, and was due to refunds by the War Office of arrear charges on account of sea transport.

31. On the expenditure side of the account there was a large apparent increase of £573,858 under interest on Ordinary Debt, and decreases of £460,115 and £142,669 under Railways and Irrigation respectively. These variations however were almost wholly nominal, and due to the change of classification described in paragraphs 23 to 25 of the present statement, by which a larger part of the total interest charge will henceforward be debited, as it should be, against ordinary debt, and a smaller part against

Railways and Irrigation. The only other variation of importance was a reduction of £152,663 under Military Services. This was due to lapses in the provision for expenditure on stores in England, and to a lesser extent to short outlay in India, and to a refund by His Majesty's Government on account of bounties on re-engagement. These savings were partly counterbalanced by larger expenditure under Marine on account of vessels under construction.

32. Further details will be found in Part II of the present Financial Statement and in the Comptroller General's Appropriation Report which has recently been published.

Revised Estimate for 1907-1908.

33. In comparing the figures of the Revised Estimate for 1907-1908 with those of the Budget Estimate for the same year presented last March, it is necessary to make allowance for the exclusion of the figures of Local Funds, as explained in paragraphs 8 to 14 above. Where the figures now quoted differ from those presented a year ago, it should be understood that the difference is due to this cause.

34. After making these adjustments, it will be seen that a year ago we estimated that the revenue of the year would amount to £72,500,000, the expenditure charged against revenue to £71,725,400, and the surplus to £774,600.

35. The failure of the monsoon and the presence of famine will have prepared the Council for a less favourable result. We now anticipate a revenue of £70,989,200, being a falling-off of £1,510,800. The expenditure charged against revenue has also fallen off to the extent of £971,600, of which however only £462,500 represents real reductions, the remainder, £509,100, representing increase of expenditure defrayed from Provincial balances in the manner which I explained last year. The Imperial surplus is now expected to amount to only £235,400, or less than one-third of that for which we had originally budgeted.

36. The following are the principal heads of revenue and expenditure which differ from the original Budget Estimate by £50,000 or thereabouts :—

REVENUE.

	£
Increase—	
Opium	371,800
Salt	46,900
Stamps	67,700
Customs	368,500
Assessed Taxes	49,200
Mint	192,700
Decrease—	
Land Revenue	1,701,100
Forests	148,100
Miscellaneous	59,700
Railways: net receipts	725,400

EXPENDITURE.

	£
Increase—	
Interest	734,900
Miscellaneous	158,400
Famine Relief	455,900
Other Public Works	116,400
Decrease—	
Direct demands on the Revenue	211,300
Railways, Interest and Miscellaneous charges	512,100
Irrigation	187,300
Military Services	758,600

Full explanations will, as usual, be found in Part II of the statement. The only matters that need be mentioned here are the following.

37. Last March I explained the reasons why it was then necessary to make a cautious estimate of the prices likely to be obtained for Bengal opium during the year. The price assumed was Rs.1,250 per chest, but this has consistently been exceeded, and the average rate actually obtained has been Rs.1,350. This has increased our receipts by over 45 lakhs. At that time also the Malwa trade was depressed, and we estimated that

only 13,292 chests would pass the scales for export during the year. Since then the trade has revived somewhat, and the number of chests on which duty will be paid is now likely to amount to 15,000. This will yield a further increase of 10¼ lakhs under this head.

38. We now anticipate that the salt revenue of the year will amount to £3,336,900 as compared with the Budget Estimate of £3,290,000, being a small increase of £46,900. Our calculations were based on the assumption that the issues of salt would amount to 434 lakhs of maunds, which figure is now likely to be exceeded by the comparatively small amount of 9 lakhs of maunds. This would have been larger but for the fact, already referred to in paragraph 29 of the present statement, that in the latter part of 1906-1907, dealers held up their requisitions in anticipation of a reduction of the duty. When this was announced on the 20th March 1907, there was an immediate rush to replenish stocks, the issues during that month amounting to 59 lakhs of maunds as compared with 40 lakhs in March 1906. Had this large excess been more regularly distributed, the later year would have shown a much larger improvement.

39. The effect of the successive reductions in the duty has been very marked, as will readily be seen from the following statement:—

Year.	Issues of salt (in lakhs of maunds).	Increase + or decrease — as compared with the previous year.	
1898-1899	355	+ 10	Duty at R2-8 per maund.
1899-1900	352	— 3	
1900-1901	362	+ 10	
1901-1902	360	— 2	
1902-1903	369	+ 9	
1903-1904	376	+ 7	Duty at R2 per maund.
1904-1905	394	+ 18	
1905-1906	407	+ 13	Duty at R1-8 per maund.
1906-1907	431	+ 24	
1907-1908 (Estimate)	443	+ 12	Duty at R1 per maund.

The duty in Burma was levied at R1 per maund throughout the whole period.

40. It is true that the effect of a reduction of the duty takes a certain time to filter down to the consumer: and the figures of individual years are liable to be affected by the fact that alterations in the duty do not exactly synchronize with the commencement of the official year. But after allowing for these disturbing factors, the contrast between the progress of consumption in the first five years of the series, during which the duty was R2-8-0 per maund, and that of the second half, during which it has been gradually reduced to R1 per maund, is sufficiently marked. Between 1897-1898 and 1902-1903, under the former system, the issues increased by 24 lakhs of maunds in all. Between 1903-1904 and 1907-1908, the corresponding increase has been 74 lakhs of maunds, or more than three times as much. The sacrifice of revenue has no doubt been very large. Our receipts now amount to only £3,336,900 as compared with £6,184,400 in 1902-1903: and we cannot hope, within any period worth considering, to make this good, even with the accelerated consumption which now prevails. But we entertain no doubt that it is money well lost, and that the sacrifice has been made in the true interests of the people of India.

41. Before leaving this subject, I should like to make a short digression. It is perhaps not generally known that the levy of a revenue from salt is by no means confined to India, but forms a feature of the fiscal system in not a few of the leading countries of Europe. I have not obtained particulars of all: but by the courtesy of the Consulates at Calcutta, to the gentlemen in charge of which our acknowledgments are due for the assistance they have rendered us, information has been collected in regard to France, Germany, Austria-Hungary, Italy, and the Netherlands. The systems in force in these countries vary largely, and in some cases are of much complication. It would be inappropriate to encumber the present statement with the details, but broadly speaking it may be said that each of them includes either an import duty, an excise, or a State monopoly, and frequently a combination of these methods. The consumption of comestible salt, the net revenue derived from its taxation, after deducting

where necessary the cost of production, and the incidence of the taxation, are shown below :—

	Consumption of comestible salt in millions of lbs.	Revenue from taxation.	Average payment per head.
		£	s. d.
France	751·6	1,339,000	0 8
*Germany	931·3	2,468,000	0 11
Italy (excluding Sicily and Sardinia)	424·3	2,961,000	2 0
Austria-Hungary	896·5	2,766,000	1 2
Netherlands	114·4	138,000	0 6
India	3,571·7	3,090,000	0 2½

* The figures for Germany are of somewhat old date.

42. In the case of the European countries, the figures of consumption relate to edible salt only. In addition to this there is a large consumption in each of them for industrial and manufacturing purposes, and this salt is usually either exempt from taxation, or charged at reduced rates. Similar concessions are also allowed in India for salt used for certain manufacturing purposes, but India is not a great manufacturing country and the amount of salt so used is comparatively trifling.

It may be mentioned that the Commonwealth of Australia has recently imposed a duty of £1 per ton on salt imported from outside the Colony.

43. After being nearly stationary for three years, the Customs revenue has made a long stride forward, yielding 55⅓ lakhs in excess of the estimate, and nearly 92 lakhs in advance of that of the previous year. This result was obtained notwithstanding a reduction of 6 lakhs under sugar and 15 lakhs in the export duty on rice, the latter being due to the diversion of Burma rice to Indian ports in consequence of the scarcity in Northern India. The imports of cotton piece goods were unprecedentedly large, and yielded 15½ lakhs more than the estimate, while the excise duty on cotton goods manufactured in India was also the highest on record, yielding the substantial sum of 32½ lakhs. The other items which contributed chiefly to the increased receipts were manufactured articles 14 lakhs, silver 13½ lakhs, other metals 9½ lakhs, petroleum 8½ lakhs, and articles of food and drink, other than sugar, 4 lakhs.

44. The increase under Mint receipts was due mainly to the success of the nickel coinage, the profits on which amounted to 16 lakhs, whereas credit had been taken for only 2 lakhs in the Budget Estimate. The demand for bronze coins was also much greater than had been anticipated, and we realized a profit of 18 lakhs, or 10 lakhs more than the original estimate. As has been explained elsewhere in the present statement, the coinage of new rupees was comparatively restricted, but even so the receipts from seignorage exceeded the estimate by rather less than 3 lakhs of rupees.

45. The great falling-off of nearly 1¾ millions sterling under Land Revenue is of course attributable to the famine, which has necessitated suspensions and remissions on a very large scale. The loss is greatest in the United Provinces where it is expected to amount to nearly 142 lakhs of rupees. Next comes Bombay with 46 lakhs; Burma with 30 lakhs, of which, however, a part is due to a change of classification; the Central Provinces with 13 lakhs, the Punjab with 17½ lakhs, and Madras with 6½ lakhs. The total sums sanctioned as suspensions and remissions reach the high figure of 284 lakhs.

46. Down to October inclusive our Railways did extremely well, and the net receipts were more than 94 lakhs in excess of the proportionate estimate of the year. From November however a deterioration set in mainly in consequence of the scarcity in Northern India and the stoppage of wheat exports. The gross earnings are still expected to be in excess of the Budget figure. But the working expenses and charges for renewals have increased in much greater proportion especially on the Great Indian Peninsula, the Oudh and Rohilkhand, the Bengal Nagpur and the Eastern Bengal State Railways. The net receipts of the year are now estimated at £12,929,400, which is less than the Budget Estimate by £725,400, and fall short of the receipts of 1906-1907 by £54,400.

47. On the expenditure side of the account, there is a large increase of £734,800 under Interest on ordinary debt, and a decrease of £585,700 under Interest on Railway and Irrigation debt. The bulk of this is due to the more correct classification of the productive and non-productive debt which was explained in an earlier part of the present statement. In so far as the increase was real and not merely apparent it was due to the fact that the sterling loans raised during the year aggregated 8½ millions as compared with the forecast of only 3½, while the rate of interest was 3½ per cent instead of 3 per cent.

48. The large decrease of £187,300 under Irrigation is mainly due to the transfer of £135,300 of interest charges to the non-productive head. The expenditure under Opium was less than estimated by £141,600, mainly in consequence of the poorness of the poppy crop. Expenditure on Forests fell by £85,300 following the reduced receipts under the same head.

49. The increase under the miscellaneous group of charges is chiefly due to an increase in the charges for stationery and printing: but also in part to the cost of the various special committees that have been at work during the year, including among others the Royal Commission on Decentralization, the Factory Committee, and the Committee on the Civil Procedure Code.

50. For direct expenditure on the relief of famine, we originally provided only a small sum of slightly over 9 lakhs, almost all for Bengal. We now anticipate that the charges on this account will amount to nearly 77½ lakhs, including 67½ lakhs in the United Provinces, and 6 lakhs in Bengal, besides smaller sums in the Punjab, the Central Provinces, and Bombay. On the other hand, the provision of 33·11 lakhs in the Imperial Budget for "Reduction and Avoidance of Debt," has necessarily disappeared. There is a provision of 37½ lakhs in the Provincial column of the same head, almost all of which would have been swallowed up also, but this now remains in virtue of the system introduced last year for the relief of Local Governments from a part of the burden of famine relief charges, as explained in paragraphs 48 to 57 of the last Financial Statement.

51. The large saving of £758,600 under the Army group is made up of reductions amounting to £575,600 under Army (effective), and £20,700 (non-effective), £124,900 under Military Works, £27,500 under Special Defences, and £9,900 under Marine.

As regards the first and largest of these items, a decrease of £256,000 occurred under ordinary Army charges, and was mainly due to smaller payments to the War Office in respect of British forces serving in India owing to the earlier settlement of advances made by the India Office, to temporary shortage in the strength of troops (British and Native), lower railway charges, smaller home expenditure on stores, smaller expenditure on the supply of malt liquor, and the suspension of the training of reservists. There was also a decrease of expenditure consequent on the re-organisation of the Supply and Transport Corps, and the reduction of the Army Bearer Corps. The net saving would have been larger but for an increase of £85,000 on food supplies, due to the prevailing high prices, and for the expenditure on the Bazar Valley Expedition which we now estimate at £50,000 falling within the year 1907-1908 besides arrear charges of £6,700 which will be brought to account in the following year. The remainder, £340,300 represents a lapse on the special grant for the improvement of the Army, and was due to the postponement of various measures for which provision had been made in the Budget, or to delay in carrying them out. These included the rearmament of Horse and Field Artillery, the conversion of two Bullock Draught Heavy Batteries into fully Horsed Batteries, the formation of two additional Native Mountain Batteries and of an additional Native Cavalry regiment, the re-organisation of Horse and Field Batteries and of ammunition columns, and the increase in the reserves of ammunition and of rifles. The expenditure on the construction of lines for Native troops and on the purchase of land for this purpose was also considerably less than had been anticipated. The funds available from these and other smaller savings were however utilised in part to accelerate the progress on other measures. The entire saving under Military Works also occurred in connection with the grant for "Special" expenditure, the greater part being due to the slow progress made ininitiating or carrying out a variety of measures for the redistribution of the Army. Expenditure on Special Defences was similarly delayed by a reconsideration of certain questions of armament.

52. The large increase of 76·37 lakhs in the Provincial deficit is due partly to some of the Local Governments having spent more than their allotments, to the extent of 40·3 lakhs *net*, mainly on account of famine relief in the United Provinces, and larger outlay on Public Works in the Central Provinces, and Burma. An important

contributing cause however was the contraction of Provincial Revenue due to the famine. The total loss of Land Revenue has been 255·16 lakhs, and of this the Provincial share was 60·66 lakhs. This would have been greater but for (1) the payment of 10·37 lakhs to Bombay and the Central Provinces under their minimum guarantees, and (2) the grant of 32·72 lakhs from Imperial Revenues to the United Provinces to enable the latter Government to close the year with a balance of 20 lakhs. There were improvements under some other heads, but the net reduction in the total Provincial Revenues under all heads as compared with the Budget was 36·07 lakhs, and this sum combined with the net increase of Provincial expenditure mentioned above, makes up the aggregate increase of 76·37 lakhs by which the Provincial balances have been depleted during the year.

Budget Estimate for 1908-1909.

53. For next year, we estimate the revenue at £73,438,900, the expenditure chargeable against revenue at £72,867,400, and the surplus at £571,500. The total actual expenditure is estimated at £73,392,500, but of this amount £525,100 will be met from Provincial balances. These estimates are based on the assumption that the monsoon of the coming year will be normal in character.

54. Under the important head of Land Revenue, we hope for an improvement of £1,435,200 over the figures of the Revised Estimate of the current year. If these expectations are realized, we shall receive slightly more than was collected in 1906-1907, but £265,900 less than we had originally estimated for 1907-1908. This result is of course due to the necessity for making liberal provision for suspensions and remissions in the United Provinces, and other areas in which famine is now prevalent. In these, and indeed almost everywhere, the prospects of the *rabi* crops are excellent, though the area sown is perhaps 25 per cent less than usual.

55 Under Opium, we estimate that our gross receipts will amount to 726·43 lakhs and our net revenue to 503·29 lakhs in 1908-1909, as compared with 783·43 and 534 lakhs respectively in the current year. The reduction in net revenue would have been greater but for the poor outturn of the crop now being gathered which will reduce the payments to be made to the cultivators. The number of chests of Bengal opium to be offered for sale has been reduced from 48,900 to 45,900, and the average price likely to be obtained has been estimated at R1,300 per chest as against R1,350, the average obtained during the current year. The trade in Malwa opium has slightly revived of late, and we have assumed that 15,100 chests will pay duty, that being the full amount permissible during the calendar year, as explained below.

56. In last year's Financial Statement, I referred to the fact that negociations were in progress with the Government of China in regard to the restriction of the opium trade, but these had not at that time reached a stage at which any announcement was possible. Papers have recently been presented to Parliament explaining the nature of the settlement that has been arrived at. The gist of the latter in so far as it is material for the present purpose is to the following effect—*viz.*, (1) that the Government of India have agreed to restrict the export of opium from this country to 61,900 chests during the calendar year 1908, and to effect further reductions of 5,100 chests in each of the two following years; (2) that the question of making still further reductions after the year 1910 will depend on whether China has, in the interval, effected a proportional reduction in its own production and consumption of opium; (3) that the question of increasing the Chinese import duty, which at present stands at 110 taels per picul, has been postponed for the present, as the objections entertained to that course are felt to require much fuller consideration; and (4) that China shall be permitted to post a Chinese official at Calcutta to watch the auctions and the packing, but with no power of interference.

In pursuance of this agreement we have reduced the area under poppy cultivation in the Bihar and Benares Agencies from 845,000 bighas to 800,000 bighas. The number of chests of Bengal opium to be offered for sale has been reduced to 3,900 per mensem till December next, and to 3,600 from January to March 1909: and the number of chests of Malwa opium which may be exported from Bombay has been limited to a maximum of 15,100 during the present calendar year. Further reductions will probably be effected in 1909 and 1910.

57. India is thus prepared to do its part in co-operating with China towards the eventual extinction of the opium habit among the Chinese. Whether further measures will hereafter be taken will depend on the degree of success which may be found to attend the efforts of the Chinese Government. That those efforts are sincere we

entertain no doubt, and such evidence as we possess indicates that the present movement is backed by a greater measure of official influence and public opinion than has been the case on former occasions. The difficulty of the task however is enormous, and it cannot be affirmed with confidence that a habit which has acquired a strong hold over many millions of people, and a trade which yields large profits not only to the Chinese Government but to great numbers of cultivators and middlemen, can be effectually stamped out in the brief space of ten years.

58. Under the remaining principal heads of revenue, such as Salt, Stamps, Excise, Customs, and Assessed Taxes, we have taken credit for a normal development of revenue. The Forest receipts in the current year have been disappointing especially in Burma and the Punjab, but it is an expanding head, and we hope that a considerable part of the set-back will be made up next year, though possibly not the whole. Departmental receipts also, from the Post Office, the Telegraphs and the Civil Departments generally, are not likely to be affected by any exceptional influences, and may be expected to exhibit their normal growth. Mint receipts however are expected to be less than in the current year by £165,900. This is due to there being no probability of any considerable coinage of rupees from purchased silver during the ensuing year. We have also taken a moderate estimate of the profits from bronze and nickel coinage. Under "Miscellaneous" there is a decrease of £129,700 which is due partly to there being no provision for payment of the Tibet indemnity, the last instalment of which was paid during the present year. In view also of the present state of exchange we have made no provision for gain on that account. In the present year we expect to realize 9 lakhs from that source. In Military receipts there is a drop of £129,900 which is mainly due to the discontinuance of the system of supplying malt liquor to the Army by State agency. There is a corresponding reduction on the expenditure side.

59. I have explained elsewhere that there has been a set back in net Railway earnings during the current year. We hope that the causes which have led to this will not continue, and that the progress of this important branch of our assets will resume its normal course. In this view we have estimated for an increase of £800,100 under this head as compared with the current year. The figure taken, *viz.*, £13,729,500, is only slightly more than we originally estimated for 1907-1908. Under Irrigation also, we expect to receive a substantial increase of £192,300, the greater part of which comes from the Punjab.

60. On the expenditure side of the account the most important feature is an increase of £995,200 in the expenditure of the Civil Departments. The principal items which go to make up this considerable total are Police (£301,100), Medical (£280,000) and Education (£183,200), besides smaller sums under Political, Scientific and Minor Departments, and General Administration. All the Provincial Governments are making vigorous efforts to expend the allotments we have made during the last three years for the reform of their police establishments, and Bombay in particular hopes to make large progress during the ensuing year. As explained below we are making further grants aggregating 12 lakhs for this purpose on the present occasion. Under Medical the bulk of the increase is explained by the special grant of 30 lakhs referred to in paragraph 65. The increased provision for Education occurs partly in the two Bengals, but chiefly in the United Provinces, where extensive schemes of educational improvement are on foot. Part of the increase in the last-named province, however, is nominal, and is due to the transfer of the Zilla schools from local to Provincial management with effect from next year.

61. Under the head of Famine Relief, we have provided for an outlay of 132·07 lakhs, of which one crore is for the United Provinces, 10 lakhs each for Bengal and the Central Provinces, and smaller sums elsewhere. Of the total amount, 80·51 lakhs falls on Imperial revenues, and 51·56 on Provincial. Of this last amount, however, 50 lakhs belongs to the United Provinces, and as the balances of that Government have unfortunately been entirely depleted by reason of the famine, the bulk of this charge, as well as the greater part of that incurred in the same Province in the current year, will eventually fall on Imperial.

62. I explained last year the operation of the new arrangements for apportioning the cost of famine relief between the Imperial and Local Governments. It is a matter of much regret that the occasion for putting them in force should have come round so soon, but the relief actually afforded to provincial revenues has been substantial. Excluding the United Provinces, the circumstances of which are special, we find that in

the five other provinces affected, *viz.*, the Central Provinces, Bengal, Punjab, Madras and Bombay, charges aggregating 9·46 lakhs have been transferred to Imperial during the current year, and a further sum of 28·94 lakhs will be similarly transferred in 1908-1909. But for the introduction of the revised system, the whole of those charges would have devolved upon the revenues of the provinces concerned.

63. The reduction of £224,700 under Civil Public Works occurs chiefly in Bengal, Burma, and the Punjab, where the diminution of the provincial balances has necessitated some slackening of the rate of expenditure incurred of late years. The Military charges are dealt with more fully in another part of the present statement. Although they are estimated at £233,900 more than in the present year, they are less than those of 1906-1907 by £831,700, and are also less than the budget provision of 1907-1908 by £524,700. This result is partly due to the restriction of the grant for "special" expenditure on the improvement of the Army to 2½ crores, no regrant of lapses being made. The reduction would have been greater but for a large increase of £130,000 in the cost of food supplies as compared with the present year, due to the prevalence of high prices.

64. As already explained, the financial position does not permit of our undertaking any new measures involving large expenditure. We have however provided a sum of 12 lakhs per annum for the further prosecution of police reform in accordance with our established policy, and have distributed it as follows :—

	R
Bombay	4,25,000
Bengal	4,00,000
Eastern Bengal and Assam	1,25,000
Central Provinces	1,50,000
Minor Provinces	1,00,000

Burma, Madras and the United Provinces do not share in the present allotment because those three provinces have already received their full grants in connection with the revision of their Provincial Settlements. In the case of the two last named, this is contingent on the approval of the Secretary of State. The Punjab also has practically received its full assignment.

65. We have also been able to make some provision for another object to which we attach great importance. I refer to the improvement of the public health. Hitherto comparatively little has been done in this direction, and it is sometimes made a reproach against us that no organized effort has been made to improve the sanitary conditions in which the people live. The continued prevalence of plague, and the special measures which have been concerted to combat it, have brought this question into exceptional prominence. In those measures there is reason to hope for the co-operation of the people in a degree which has not previously been attained ; and notwithstanding the present pressing need for economy, we believe that it will be politic to give a tangible proof of our sympathy in the form of some special assistance from Imperial funds. Apart from expenditure of this nature, which will not, we trust, be of a permanent character, there is room for almost unlimited outlay of the most beneficial description in reforming the sanitary arrangements of the larger towns. The necessity for financial assistance to enable these to achieve a sanitary standard less primitive than at present prevails has been pressed upon us by more than one of the Local Governments. We have therefore decided to allot a sum of 30 lakhs per annum, among the different provinces, for expenditure on sanitary improvements with special reference to the prevention of plague. Each Local Government will be at liberty to expend the money at its discretion, and to attack the problem in whatever way it prefers. The sums assigned to each of the provinces are shown below: and it is a matter of regret to us that it has not been possible to make them larger :—

	R
Madras	3,50,000
Bombay	4,50,000
Bengal	4,50,000
United Provinces	5,00,000
Punjab	4,00,000
Burma	3,00,000
Central Provinces	2,00,000
Eastern Bengal and Assam	3,00,000
North-West Frontier Province	50,000

66. The only other point to which I need allude is the framing of new Provincial Settlements with Madras and the United Provinces. These were worked out during the past year, and were designed to give to the Local Governments concerned the same share of the divided heads of Revenue, *viz.*, Land Revenue, Stamps, Excise, Assessed Taxes and Forests, as is enjoyed by other provinces. In the case of the United Provinces, it was also desired to effect some improvement in the general financial position of the Local Government. The new arrangements have been incorporated in the budget for next year, but they are still under the consideration of the Secretary of State, and must be regarded as only provisional pending receipt of his orders. It is unfortunate that the occurrence of famine has seriously affected the finances of the United Provinces. Their balances have been not merely exhausted but overdrawn, and, in addition to the Imperial grant of 32·72 lakhs made in the current year, it has been necessary to make a further grant of 14·82 lakhs in the ensuing year in order to secure bare equilibrium. The consideration of the further measures that will be necessary to place the Provincial finances on a better footing must be deferred until after the character of the next monsoon shall have declared itself.

Military Expenditure.

67. I append the usual statement showing the total expenditure on the Army under the various heads during the past 5 years:—

	Army.	Marine.	Military Works.	Special Defences.	Total.
	£	£	£	£	£
1904-1905 . . .	20,175,694	620,789	981,599	128,295	21,906,377
1905-1906 . . .	19,267,130	551,070	1,094,905	146,306	21,059,411
1906-1907 . . .	19,657,845	662,368	1,127,515	138,358	21,586,086
1907-1908 (Revised) . .	18,754,600	513,500	1,134,200	118,200	20,520,500
1908-1909 (Budget) . .	18,972,500	473,300	1,199,200	109,400	20,754,400

68. I need not again describe our policy for the financing of special military expenditure, of which a full account was given in paragraphs 60—67 of the Financial Statement for 1907-1908. As I there explained, the annual grant provided to meet this expenditure was reduced in 1907-1908 by half a million, but a large additional sum was also granted on account of lapses which had occurred in the previous year. For 1908-1909 we have again taken the special grant at the reduced amount adopted for the current year, and it has also been decided, in view of the general financial situation, not to make any further addition on account of lapses, though these have again been large. The total provision made for special expenditure is therefore £1,666,700. Out of this amount, close on two-thirds of a million are required to meet recurring expenditure on measures already brought into effect, and the provision for new expenditure on measures for the improvement of the Army is therefore limited to one million. The bulk of this sum will be required for work already in progress, but it includes some provision for new measures.

69. We are beginning now to obtain the full advantage of various economies which have been effected in the last few years. Our demands for stores from England are also reduced, and a large item of expenditure (£153,700), together with corresponding receipts, now disappears from the accounts in consequence of the new arrangements for the supply of malt liquor to British troops. These causes would have enabled us to reduce our estimate for ordinary Military expenditure in 1908-1909 to £425,200 below the provision made in the current year, but for the rise in prices due to the

prevailing scarcity which has made it necessary to provide £215,000 for additional expenditure on the feeding of the Army. The actual improvement as regards ordinary expenditure is thus reduced to £210,200. We have still to learn whether the deliberations of the Romer Committee will result in extra charges being thrown on Indian Revenues in respect of the British troops employed in this country.

70. I should also mention certain changes by which we hope to strengthen the control over military expenditure. When the Commands were abolished in June last, the financial responsibilities attached to the appointments of Lieutenant-General Commanding devolved upon the Divisional Generals, but the Budget grants which had been framed in the preceding March were of course on a Command basis. We have now decided that each General Commanding a Division or Independent Brigade shall have a separate Budget, and this arrangement will come into effect from the 1st of April. We have also re-organized the Military Accounts Department with the object of arranging that a single Accounts officer shall transact all the accounts work of a Division, including that which relates to Supply and Transport, and be in a position to advise the General Officer Commanding on financial points; and we propose to establish a special Controllership to deal for the whole of India with all technical supply work such as the accounts of Ordnance Factories and the auditing of railway charges. Simultaneously we have re-classified the military accounts with the object of grouping charges in such a way as to correspond more closely with the distribution of financial responsibility. We believe that these measures will tend to establish closer relations between the administrative and the financial authorities, and to remove from the Military Accounts system much of the obscurity which has hitherto been an obstacle to effective control.

Railway Construction and Earnings.

71. The following statement shows in the usual form the capital expenditure on railways during the past five years and the Budget Estimate for 1908-1909, whether incurred directly by the State or through the agency of Guaranteed or Assisted Companies:—

	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908 (Revised).	1908-1909 (Budget).
	£	£	£	£	£	£
Open lines, including rolling stock	3,725,134	3,351,734	5,121,300	5,948,067	7,394,600	7,659,200
Lines under construction—						
(*a*) Started in previous years	2,091,200	3,246,066	3,663,073	3,526,066	2,605,400	2,207,500
(*b*) Started in current year	564,134	590,800	215,057	176,667	...	133,300
TOTAL	6,380,468	7,188,600	8,999,430	9,650,800	10,000,000	10,000,000

72. On the 31st March 1907 the total length of open lines was 29,303·37 miles classified according to gauge as follows:—

5′ 6″ gauge	15,630·08
Metre „	12,330·40
Special gauges (2′ 6″ and 2′)	1,342·89
TOTAL	29,303·37

73. During the current year we have added to these approximately the following mileage:—

5′ 6″ gauge	338·33
Metre „	453·85
Special gauges (2′ 6″ and 2′)	192·98
TOTAL	985·16

During the ensuing year we hope to increase this length by 921·35 miles more.

74. The original estimates of the current year provided for 9 millions of capital expenditure. Later on however, on the advice of the Railway Finance Committee, it was decided to increase this by another million, the additional funds being provided from the profits on coinage. It is anticipated that the enhanced allotment of 10 millions will have been spent in full by the end of the year.

75. For 1908-1909, we have again been able to arrange for a grant of 10 millions, at which figure the programme has now stood for three years in succession. The important question of the most effective and economical method of providing the growing sums required for the development and maintenance of our Railway system was referred by the Secretary of State to a special Committee in London; the latter have been placed in possession of the views of the principal commercial bodies in this country, and have received a mass of other evidence; and it now remains to await the conclusion of their deliberations.

76. The distribution of the grant and the allotments for rolling stock among the various lines, so far as they are yet finally settled, will be found set forth in the annexed memorandum by the Railway Board.

77. The Revenue returns have been considerably less favourable than we had anticipated. Last March we estimated that the gross receipts of State Railways would amount to 40,12 lakhs, the working expenses to 19,75 lakhs, and the net earnings to 20,37 lakhs. The revised estimate is as follows:—

Gross receipts	41,14 lakhs.
Working expenses	21,54 „
Net earnings	19,60 „

This is 77 lakhs less than the estimate, though 21 lakhs in advance of the results of 1906-1907. The true result, however, is even less favourable; for the figures of the current year have been swollen by the inclusion of 18 lakhs of net receipts earned on the Madras Railway which became a State line from the 1st January last, and by the transfer of about 30 lakhs carried forward from the previous year on account of the Easter holidays of 1907. There was thus a real set-back of net earnings as compared with the previous year, notwithstanding the inclusion of the Madras Railway, and the addition of nearly 1,000 miles of new line. In part this is due to the famine in Northern India, which has destroyed or diverted the important wheat trade, though the gross receipts are still somewhat in excess of the estimate. The strike on the East Indian Railway last November is estimated to have reduced the earnings by about 15 lakhs. For the most part, however, the cause is to be found in the large increase in working expenses and renewals, which have exceeded the estimate by 179 lakhs of rupees and amount to 52·37 per cent of the takings, as compared with 49·87 per cent in 1906-1907, and 47·81 per cent in the previous year. The return on the capital at charge amounts to 5·17 per cent, as compared with 5·38 per cent in 1906-1907 and 5·56 per cent in 1905-1906. The steady growth of the relative burden of working expenses in the last few years is a somewhat disquieting feature. A time comes in the history of most railways when the receipts from new traffic hardly cover the cost of carrying it; and it is a matter of common remark that this stage has been reached in not a few railways in the United Kingdom. Hitherto, however, it has not been supposed that we were within measureable distance of it in India. Various reasons have been suggested to account for it, such as the increased cost of coal, and the higher salaries which are now generally commanded by Railway establishments. The matter deserves, and is receiving, the close attention of Government and the Railway Board.

Irrigation.

78. The following table exhibits the principal figures of Revenue and Expenditure connected with irrigation :—

	1904-1905.	1905-1906.	1906-1907.	1907-1908, Revised.*	1908-1909, Budget.
Productive Works.					
Capital outlay to end of year	£ 24,084,700	£ 24,664,916	£ 25,745,780	£ 26,963,100	£ 27,989,000
Direct receipts	1,940,670	1,813,919	2,307,959	2,141,000	2,321,300
Land Revenue due to Irrigation	883,809	959,098	999,989	1,024,500	1,066,000
TOTAL	2,824,479	2,773,017	3,307,948	3,165,500	3,387,300
Working Expenses	849,700	874,721	926,310	963,600	953,500
Interest	949,928	967,969	870,962	911,700	944,100
TOTAL	1,799,628	1,842,690	1,797,272	1,875,300	1,897,600
NET PROFIT	1,024,851	930,327	1,510,676	1,290,200	1,489,700
Protective Works.					
Outlay on construction to end of year	1,720,397	1,983,941	2,019,081	2,385,300	2,742,800
Direct receipts	53,661	55,237	34,272	40,300	36,000
Land Revenue due to Irrigation	9,441	9,681	6,992	7,300	7,300
TOTAL	63,102	64,918	41,264	47,600	43,300
Working Expenses	25,581	23,102	18,322	21,300	22,900
Interest	65,296	73,487	64,269	75,900	88,500
TOTAL	90,877	96,589	82,591	97,200	111,400
NET LOSS	27,775	31,671	41,327	49,600	68,100
Minor Works and Navigation.					
Direct receipts	179,100	164,673	183,705	234,900	209,700
Expenditure	892,831	937,334	856,898	860,900	908,800
NET LOSS	713,731	772,661	673,193	626,000	699,100

* The figures for 1907-1908 include the capital outlay to end of 1906-1907 on the following Minor Works transferred to the productive class from 1st April 1907 :—

		R	£
United Provinces	Dun Canals	10,40,873	69,400
	Bijnor „	2,48,476	16,570
North-West Frontier Province	Kabul River Canal	9,77,683	65,180
Madras	Shatiatope anicut system	4,07,014	27,130
	Tirrukkoyilur anicut system	3,33,259	22,220
	Cheyeru anicut system	3,98,916	26,600
	Poiney anicut system	2,30,767	15,390
	Lower Coleroon anicut system	14,89,605	99,310
	TOTAL	51,26,593	341,800

79. On the 31st March 1907, 55,928 miles of main and branch canals and distributaries had been constructed commanding 50 million acres of culturable land, the area actually irrigated in 1906-1907 being 21,992,683 acres. The productive works during that year yielded a net return of 9·25 per cent on the capital outlay of 3,862 lakhs after paying all charges exclusive of interest. The net profit to the State was 227 lakhs.

80. The Revised Estimate for 1907-1908 shows a net profit of 194 lakhs on productive works, and a net return on capital outlay of 8·17 per cent. Good progress was made during the year with the works in hand, of which the principal are the Triple Canal Scheme of the Punjab and the Upper Swat River Canal in the North-West Frontier Province. On the 31st March 1908 we expect to have 56,882 miles of main and branch canals and distributaries constructed to command 50,195,000 acres of culturable land, and we shall have actually irrigated close on 22 million acres during the year.

81. Surveys of irrigation possibilities in the different provinces have been actively pushed on, and the programmes are approaching completion. In Sind the surveys include a barrage across the Indus at Sukkur to supply water for the Right and Left Bank Canals, and to improve the supply and extend the irrigation on the Eastern Nara effluent of the Indus. It is expected that the preparation of these projects will be completed during 1908-1909. The effect of them when completed will be to increase the area commanded by about 2¼ million acres.

In the Deccan extensive surveys for protective works have been in hand to determine the possibilities of irrigation from all the great rivers fed from the Western Ghats. Estimates for two schemes have been sanctioned and the surveys for most of the others are well advanced. The aggregate area irrigable from these works is estimated at 1,886,000 acres and the probable cost at R16,52,00,000.

82. In addition to the canals actually in operation, there are altogether 42 projects which are either under construction, or awaiting sanction, or being examined by the professional advisers of Government. Of these, 15 are productive, and 24 are of the protective class. They are designed to irrigate 3·16 million acres and 3·12 million acres respectively, at a total capital cost of 14⅓ crores and 27⅓ crores, respectively; and the former are estimated to yield a net return of 8⅓ per cent. on the outlay. As has been explained on former occasions, our chief difficulty lies in procuring a trained staff strong enough to cope with the work, as well as the great labour force required to execute it.

Ways and Means.

83. As stated in paragraph 53, our revenue account closes with a surplus of £571,500 which is carried forward to the second part of the statement dealing with Capital and Debt transactions, including Deposits, Remittances and Advances. Our total estimate of Capital Expenditure not chargeable to Revenue on Railways and Irrigation Major Works is £11,000,000, of which £1,000,000 is for Irrigation, £8,555,100 for State Railways, and £1,444,900 for expenditure by Railway Companies. In addition to the above, we have to find £950,400 for the discharge of permanent debt. We have also to make a net payment of £207,200 on account of loans to local bodies, advances to cultivators, etc. Our aggregate capital requirements thus amount to £12,157,600.

84. To meet this outlay we have (1) the revenue surplus of £571,500, (2) a portion, namely, £746,000 of the 3½ per cent. sterling loan of £5,000,000 raised in England in January 1908 which will be received in the ensuing year, (3) the net receipts of the Post Office and other Savings Banks which are estimated at £453,500, (4) a net receipt of £523,800 under Deposits and Remittances, (5) a sum of £666,700 to be taken from the profits on rupee coinage and (6) a sum of £4,900,000 to be raised by Railway Companies. These various resources amount to £7,861,500 leaving £4,296,100 still to be provided. In order to meet this, we propose to borrow 3 crores of rupees or £2,000,000 in India and to raise £500,000 by temporary India Bills in England, the remaining £1,796,100 being met by a reduction in the cash balances. Our cash balances are expected to stand on the 31st March 1909 at £12,200,000 in India, and at £3,759,000 in England.

The announcement regarding the amounts to be borrowed in England and India is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, to any extent that may be considered desirable.

85. The present intention of the Secretary of State is to draw bills on India to the amount of £18,500,000 but this also is subject to a similar reservation. This estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements: but additional bills will, as usual, be sold, if needed to meet the demands of trade.

Note Circulation.

86. I append the usual statements illustrating the note circulation and the Government balances with the Presidency Banks. The first of the two statements shows separately (1) the gross circulation, and (2) the circulation, excluding the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[Lakhs of rupees.]

	1903-1904.	1904-1905.	1905-1906.	1906-1907.	1907-1908, (11 months).
GROSS CIRCULATION.					
Average	36,41	39,20	41,52	45,14	47,36
Maximum	38,21	42,52	44,66	47,30	52,74
Minimum	33,94	36,11	39,63	42,89	41,82
NET CIRCULATION.					
Average	28,79	30,69	32,83	35,92	36,61
Maximum	30,30	31,82	35,35	38,89	38,14
Minimum	27,44	29,63	31,06	33,08	35,17

Government Balances with the Presidency Banks.

[Thousands of rupees.]

	1902.	1903.	1904.	1905.	1906.	1907.	1908.
January	2,85,89	3,07,63	2,69,52	2,92,99	2,89,83	3,04,47	3,01,34
February	2,97,16	3,32,02	2,91,84	3,00,50	3,23,28	3,03,50	3,21,39
March	3,11,24	3,36,91	3,26,74	3,43,40	3,81,06	3,48,60	
December	3,05,84	2,79,07	3,01,32	2,76,70	2,97,68	3,12,84	

The Currency Building at Cawnpore was completed and the office of issue for the sub-circle comprising the territories under the Lieutenant-Governor of the United Provinces was transferred from Allahabad to Cawnpore with effect from the 1st February 1908.

Coinage and the Mints.

87. The gross outturn of rupees at the mints during each of the last five years has been as follows:—

	Lakhs.
1903-1904	16,17
1904-1905	10,88
1905-1906	19,60
1906-1907	25,37
1907-1908 (Estimate)	17,30

During the earlier months of the year the trade demand was active and the mints were kept busily employed in providing rupees to meet it. From September, however, it slackened off very rapidly and the requirements of the year as a whole have proved substantially below those of the two preceding twelve months.

88. In the last Financial Statement it was explained that the mechanical difficulties in turning out nickel coins with a scolloped edge had been overcome, and that the issue of the coin to the public would begin before long. This has been done. The first batch of the new coins was ready about the middle of July, and from the 1st August supplies were made available to the public at the larger treasuries.

These at once achieved a large measure of popularity. During August nearly 2½ millions of them were issued to the public, and for some time the demand was greater than the Mint could supply. This has since been provided for, and to the end of February, we had issued nearly 20 millions of pieces, to the face value of 12½ lakhs of rupees. It is estimated that our existing plant can turn out about 6 millions of pieces a month, and though it is too soon to form an opinion as to the eventual demand, we do not think it necessary at present to provide further machinery. The earlier issues were found to be somewhat brittle, but this difficulty has been overcome by the addition of a small quantity of manganese to the cupro-nickel alloy.

89. In Madras a rumour was at one time circulated that the coin had been a failure, and that it was to be withdrawn by Government. This however was promptly refuted by the Local Government, and since then we have heard of no further influences prejudicial to its popularity. On the contrary, the reports we have received indicate that its circulation is increasing in nearly every province, and there is a considerable prospect of its displacing the bronze currency in some measure, though the extent to which this is likely to happen cannot of course be predicted at present.

Exchange.

90. The average rate obtained for Council drafts during the first 11 months of the year was 1*s.* 4·03*d.* which may be compared with the rates prevailing during the past ten years, as shown below :—

	s.	*d.*
1897-1898	1	3·402
1898-1899	1	3·978
1899-1900	1	4·067
1900-1901	1	3·973
1901-1902	1	3·987
1902-1903	1	4·002
1903-1904	1	4·049
1904-1905	1	4·045
1905-1906	1	4·042
1906-1907	1	4·083

For some years past, there has been no occasion to say much in the Financial Statement regarding the course of exchange. During the current year, however, the steady level which had been maintained for a considerable period was temporarily affected, and though the depression was of moderate extent and brief duration, it attracted a good deal of public attention, while the action taken by Government in regard to it formed the subject of criticism in various quarters. It may be of interest therefore to note briefly what actually occurred, and to endeavour to trace its causes.

91. Up to August 1907, exchange followed what has for some years been its normal course, and was steady at a point or two over 1*s.* 4*d.*, although the drawings of the Secretary of State had been exceptionally heavy during the first four months of the year. In August, however, the demand for money showed decided signs of slackening. The sales of Council bills in July had exceeded two crores of rupees, and in the ordinary course this would have been followed by a heavy run on our rupee reserves. No such run took place, and the issues from the currency reserve during August amounted to only 68½ lakhs, as compared with 2½ crores in August of 1906, and more than 1½ crores in that month in each of the two preceding years. The explanation lay in the prospects of the jute trade. The crop was expected to be a good one, but prices had fallen greatly, buyers were holding off, and there was no outflow of money into the jute districts as in the previous year. The uncertainty as to the future reacted on the Secretary of State's drawings and in the first week of the month he sold only 40 lakhs of bills ; there were practically no telegraphic transfers sold during the month, and exchange fell to a steady 1*s.* 4*d.*

92. In September, a fresh and more serious cause for anxiety arose. It then became apparent that the autumn rains were in marked defect over a large part of India, and particularly in the wheat-growing provinces. Exchange weakened a point, and sales of Councils amounted to only 131 lakhs during the month, as compared with 340 and 397 lakhs in the corresponding month of the two previous years. In October there was a slight improvement in jute prospects, but exchange failed to rally, and by the end of the month it was clear that the export trade in wheat would be insignificant,

and that business generally would suffer the usual consequences of a severe scarcity in Northern India.

93. Before the beginning of November therefore the conditions for a weak and stagnant exchange were fully established. The jute trade was inactive: the wheat trade was doomed; cotton was somewhat uncertain; and much of the Burma rice might have to be diverted to India instead of going abroad. To these conditions there was suddenly superadded an external complication as serious as it was unforeseen. On the 20th of October the Mercantile National Bank of the United States of America was announced to be in difficulties; several big Trust companies fell in its wake; and by the beginning of November a great financial crisis had developed in the United States. The origin and course of that crisis are not material to the present purpose. The point which concerns us is that America fell upon the world's store of gold with all the insistence of panic. Credit was temporarily paralyzed, and the gold currency rose for a time to a premium of 4 per cent. Before the panic abated, over 23 millions sterling in gold had been poured into the country; and the result was to denude the available gold reserves of Europe in the most serious manner. The drain was most directly felt in London, and the Bank of England in self-defence raised its rate on the 4th November to 6 per cent, which was again raised to 7 per cent three days later. The gravity of the crisis is shown by the fact that London had not experienced a 7 per cent bank rate since 1873.

94. The effect on India was instantaneous, for the tightness of money combined with the slackening of our export trade destroyed for the time the market for the Secretary of State's bills. On the 6th November tenders dropped to 1-3$\frac{29}{32}$ and he was able to sell only 30 lakhs. Thereafter for five weeks he practically withdrew from the market altogether; but the scarcity of gold and the absence of exports continued, and exchange ceased to be stagnant and moved steadily downwards. On the 13th November it fell to 1-3$\frac{15}{16}$, on the 18th to 1-3$\frac{3}{4}$, and on the 25th to 1-3$\frac{11}{16}$. This was the lowest point reached during the crisis.

95. The significance of these quotations lies of course in the fact that they are below the point—in present conditions 1-3$\frac{27}{32}$ for Telegraphic transfers—at which it becomes profitable to export sovereigns from India, provided always that the latter can be obtained at par. This fact, coupled with the continued demand for gold for America, directed attention to India as a possible source of supply, and in the first half of November Government was approached from more than one quarter, to ascertain whether we should be willing to issue gold freely, *i.e.*, without limit of amount, in exchange for rupees at R15 to the £. It was of course understood that the sovereigns were wanted for export.

96. The matter was carefully considered. The theoretical arguments in favour of a liberal issue of gold as an antidote to a fall in exchange were freely admitted. But it was felt very strongly that the depression was not due exclusively to the contraction of exports. The demand for gold was made in part in the interest of our own trade; but it was also due in great measure to the American crisis and the latter factor was clearly one that had to be seriously reckoned with. Our own interests could most effectively be protected by the stoppage of Council drawings, and this course the Secretary of State had already adopted. Moreover, our whole supply of gold was only about 3$\frac{3}{4}$ millions, of which only some 2 millions was at Bombay and Calcutta, and this was already being drawn off at the rate of about £400,000 a month for internal consumption. Had we complied with the demand for issues without limit, the whole available supply might have been drawn off in a few weeks, and we should then have been forced to discontinue them, with the possible result of precipitating a panic.

For these reasons, we decided to stand by our legal rights. We are not bound to give sovereigns in exchange for rupees, except at our own convenience, and we do so primarily only to foster the internal use of gold. The Currency Offices were accordingly instructed not to issue gold in larger quantities than £10,000 to any individual on any one day.

97. Meanwhile, as stated above, the Secretary of State had virtually stopped the sale of Bills. To enable him to persevere in this course until favourable tenders should be received, he on the 25th November released one million sterling of the gold in the currency chest in London (which represents exports ready made), and further sums of one million and half a million were released on the 6th and 18th December, respectively. Lastly, a few days later, it was arranged with the approval of the

Secretary of State that, if exchange (which in the meantime had recovered) should again fall below gold export point, Telegraphic Transfers on London should be offered for sale in India at a fixed rate. No public announcement to that effect was thought necessary, but the decision was communicated to the Banks at the Presidency towns. To avoid any possible misapprehension it should be clearly explained that this contingent offer was not unlimited. On the contrary, the amount of transfers was to be limited to a defined though reasonably substantial figure, and Government reserved to itself the fullest discretion to withdraw the offer at any moment without notice. The arrangement remained in force till the last days of February, but no occasion arose for putting it into operation. At the end of that month it was modified by the Secretary of State in communication with the Exchange Banks at home, to the extent that bills on London would be offered for sale, instead of transfers, the rate being suitably modified. This arrangement still holds good, but here also no occasion has arisen for putting it into force.

98. The effect of these measures was immediate. On the 25th November when exchange was at 1-3$\frac{11}{16}$—the lowest point reached—the Secretary of State set free £1,000,000 of his currency gold. On the 27th, exchange rose to 1-3$\frac{25}{32}$, on the 29th to 1-3$\frac{13}{16}$, and on the 30th to 1-3$\frac{27}{32}$. Gold export point was passed, and during December the rate remained fairly steady at an average of 1-3$\frac{29}{32}$. About the middle of the month the Secretary of State began to sell Bills again, and sales gradually advanced to a weekly allotment of 80 lakhs. During February the amounts again fell off, but the rate obtained never fell below 1-3$\frac{29}{32}$.

99. Government has been criticized for its refusal to promise to issue gold for export without limit, and it has been alleged that such an undertaking would at once have restored public confidence, while in all probability only a small quantity of gold would actually have been taken. I cannot admit that this criticism is well founded. It has been shown above how very small the available stock of gold in India was. Had we given the promise required, and had it been put to the proof, it could not possibly have been fulfilled. That fact alone is a conclusive reason for not giving it. We could, no doubt, have undertaken to issue up to a certain limited amount. That, however, was not what was demanded of us; no assurance was forthcoming, and probably none was possible, that the actual withdrawals would in fact be limited; and it is essential to remember that the gold was wanted not merely to redress a temporary defect in the balance of Indian trade, but also directly or indirectly to supply the demand from America, which had already absorbed 23 millions sterling, and was only restrained from further inroads on the London market by reason of an abnormally high bank rate.

100. One further comment has been made to which I may very briefly allude. It has been suggested that the incidents of November last have cast doubts on the sufficiency of the Gold Standard Reserve, and on the action of Government in authorizing the employment of a portion of the future profits on coinage for capital expenditure on Railways. I do not propose to discuss this policy, the views of Government in regard to which were made public last August. What I desire to point out is that the course of events last winter is not really relevant to the adequacy or otherwise of the Gold Standard Reserve. Between us and the Gold Standard Reserve there stands the gold in the Currency reserve, and this constitutes our first line of defence. The utilization of that gold in India and England simultaneously, and in a moderate degree, proved sufficient to arrest the fall in exchange, and it never became necessary to bring the Gold Standard Reserve into play at all. We are of course aware that some sections of the commercial public unfortunately hold views differing from our own as to the adequacy of the Gold Standard Reserve; but whether we are in the right or they, I do not think that any inference of value can be drawn on the question from the course of exchange last November. If hereafter at any time circumstances should arise which make the employment of the Gold Standard Reserve justifiable and expedient the public may rest assured that there will be no hesitation about using it. But the time and the method of doing so must be determined at the discretion of the Secretary of State, by whom the Reserve is controlled.

E. N. BAKER.

March 20, 1908.

PART II

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

101. *Introductory.*—The decision to exclude Local transactions from the general accounts and estimates has involved, not only the disappearance of the Local column of account, but also the absorption into the general revenues and expenditure of certain funds which were not truly of a local character. These changes will not in reality take effect until the 1st April, 1908: the funds to be absorbed will retain their separate existence until that date, when their balances will pass into the general balances; and the funds to be excluded will form part of the general accounts until the end of the current year. But, for purposes of the detailed explanations of the Financial Statement, it is necessary to compare like with like. With certain exceptions therefore which will be mentioned immediately, all figures of general revenue and expenditure which are entered in the Financial Statement and its appendices have been revised so as to eliminate the variations due to the exclusion of Local figures from next year. The effect is that, from 1904-1905 onwards, the figures now presented are prepared as if the excluded funds had been excluded, and the absorbed funds had been absorbed, from the 1st April 1904 instead of from the 1st April 1908. The true figures which have already been brought to account or have still to be brought to final account for the years 1904—1908 are not affected: their re-arrangement in the Financial Statement is purely statistical and for purposes of comparison; and this should be borne in mind in collating, for example, the 1905-1906 figures in Section IV of this Part with those given in the corresponding paragraphs last year. In two places, *viz.*, in Section I (which covers the same ground as paragraphs 28—32 of Part I) and in columns 1 to 5 of the table at page 63, it has not been practicable to readjust the figures; and in statement D of Apppendix I, the balances of absorbed funds have not been passed into the Provincial balances until the beginning of 1908-1909. Everywhere else, the re-arrangement described above has been carried out.

Section I.—The Accounts of 1906-1907.

1906-1907. General Result of Accounts.

102. The Accounts of the year show a surplus of £1,589,340, which is better by £263,240 than the surplus of £1,326,100 anticipated in the Revised Estimates framed in March last.

The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 14th instant.

1906-1907. Statement of the gross figures.

103. The following is a general comparison of the Revised Estimates with the Accounts of the year:—

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
	£	£	£	£
Total Revenue, Imperial, Provincial and Local . . .	75,626,900	75,577,812	...	49,088
Total Expenditure, Imperial, Provincial and Local . .	73,687,300	73,473,676	213,624	...
Adjustment of Provincial and Local Surplus or Deficit . .	613,500	514,796	98,704	...
NET .	74,300,800	73,988,472	312,328	...
SURPLUS .	1,326,100	1,589,340	263,240	...

1906-1907. General.

104. Both the total revenue and the total expenditure were less than the estimate, the net improvement being £164,536. In the Imperial Section of the accounts, the improvement was £263,240, but the Provincial and Local Section showed a deterioration of £98,704.

1906-1907. Differences in Army Receipts and Expenditure.

105. A prominent feature in the improvement in the Imperial Section was an increase (£102,269) of Army receipts coupled with a reduction (£174,255) of Army expenditure. The former was largely due to receipts from the Imperial Government, mainly on account of the extra cost of sea transport occasioned by the despatch of short service men to India during the years 1903-04 to 1906-07, but also on account of the payments due in respect of Indian regiments lent for service in the Colonies, and the value of articles in possession of regiments transferred from the Indian to the Home establishment. The decrease of Army expenditure was chiefly in the Home payments for Ordnance stores; the expenditure in India, however, was also over-estimated to the extent of £62,995.

1906-1907. Other important variations in Revenue.

106. Imperial and Provincial taken together, the actual receipts turned out better than the latest estimate under Salt (£72,706), Miscellaneous (£55,205), Opium (£52,828), Customs (£44,592) and Interest (£31,050). These improvements, however, were more than counterbalanced by a decrease of £303,563 in the net receipts from State Railways, chiefly from the Eastern Bengal, East Indian, Great Indian Peninsula and Bombay, Baroda and Central India Railways. The estimate of the East Indian Railway had anticipated an improvement in coal traffic which was not realised. Working expenses in general towards the close of the year, and expenditure on renewals in particular, exceeded expectation, while sufficient allowance had apparently not been made for the effect of the Easter holidays at the end of March in postponing the adjustment of traffic receipts. As already explained in paragraph 29, the increase of Salt revenue was due to exceptionally heavy clearances following the reduction of the rate of duty with effect from the 20th March 1907; this was most marked in Northern India. The exports of Malwa opium in the last month of the year were also exceptionally high. The improvement under Customs (£44,592) was chiefly in the export duty on rice; the receipts on account of the excise duty on cotton manufactures and the imports of manufactured articles and petroleum were also better than was anticipated in March last. Under Miscellaneous, the enhancement was caused by a credit on account of the sale-proceeds of land made over to the Great Indian Peninsula Railway and the Bombay Port Trust in March 1907. The unexpected realisation in that month of arrears of interest on the Kidderpore Dock and Port Trust loans mainly accounts for the increase (£31,050) over the Revised Estimate of Interest receipts. Land Revenue as a whole fell considerably short of the Revised Estimate, chiefly in Burma and Bombay; but a large sum had to be transferred from the Provincial to the Imperial share as adjustments necessitated by the change in the method of calculating the interest on the irrigation portion of the public debt, as explained in paragraphs 17 to 23.

1906-1907. Variations in expenditure.

107. Apart from the decrease of Army expenditure referred to in paragraph 105, the only large differences in expenditure occur in the charges for interest on the ordinary and the railway and irrigation debt. These are the result of the change, to which reference has already been made, in the system of distributing the total charge for interest on the public debt of the country. The increase over the Revised Estimate under the head 13.—Interest amounted to £573,858. On the other hand, there were decreases of £460,115 and £142,669 in the charges for "interest on debt" under the heads 38.—State Railways and 42.—Major Irrigation Works. The estimate of Interest charges had thus as a whole been slightly excessive. There was also a small over-estimate of Forest expenditure: in Burma, the provision for the purchase of elephants was not fully utilised and difficulty was experienced in obtaining labour; while in Bombay, a contractor failed to supply timber and the provision for payments of royalty on the sale-proceeds of teak on private lands was not fully worked up to. Political expenditure on the contrary exceeded the estimate by £46,834, the drawings of His Majesty the Amir against the balance of his subsidy having been larger in March than was anticipated.

108. The reduction of £98,704 in the Provincial and Local surplus is the result of decreases of £143,089 and £44,385 in revenue and expenditure, respectively. The circumstances mentioned in paragraph 106, in connection with Land Revenue, contributed largely towards the difference of £143,089 on the Revenue side, while the altered method of calculating interest resulted in a decrease of £74,827, in the charge for "interest on debt" under the head 42.—Major Irrigation Works. This and other smaller decreases of expenditure, combined with an excess of £29,505 over the estimate for Stationery and Printing, made up the net decrease of £44,385 on the expenditure side. *1906-1907. Decrease in the Provincial and Local surplus.*

Section II.—The Revised Estimate of 1907-1908.

109. As indicated in paragraphs 14 and 101, the absorption in the general revenues of certain minor funds which have hitherto been shown as Incorporated Local Funds in the estimates and accounts, and the exclusion from the Government accounts of all other local funds, have necessitated a certain re-arrangement of the Budget Estimate of 1907-1908; there is consequently a slight alteration (£100) in the surplus of £774,700 announced in March last. The Revised Estimate of 1907-1908 has been prepared on the same basis. A general comparison of the two estimates is made in the following table:— *1907-1908. Statement of the gross figures.*

	Budget.	Revised.	Revised better.	Revised worse.
	£	£	£	£
Total Revenue . . .	72,500,000	70,989,200	...	1,510,800
Total Expenditure . . .	72,243,300	71,780,800	462,500	...
Adjustment of Provincial Surplus (+)or Deficit (—) . .	—517,900	—1,027,000	509,100	...
Total Expenditure charged to Revenue.	71,725,400	70,753,800	971,600	...
SURPLUS .	774,600	235,400	...	539,200

110. It is now anticipated that the total revenue will be less than the total expenditure by £791,600, but as the excess of expenditure over revenue in the Provincial section alone is £1,027,000, there is an Imperial surplus of £235,400. The falling-off of £539,200 as compared with the surplus of the Budget is the net result of decreases of £1,270,300 and £731,100 in Imperial revenue and expenditure, respectively. Under Provincial, there is a decrease of £240,500 in revenue and an increase of £268,600 in expenditure. The Local Governments will thus draw from their Provincial balances £509,100 more than was anticipated in the Budget. As a whole, therefore, the Revised Estimate shows a deterioration of £1,048,300. *1907-1908. General.*

1907-1908. Variations in Revenue.

111. The more important of the variations resulting in the large decrease of revenue are the following:—

Heads.	Budget, 1907-1908.	Revised, 1907-1908.	Increase + Decrease—	
Increases—	Lakhs.	Lakhs.	Lakhs.	£
Opium	7,27·66	7,83·43	+55·77	+371,800
Customs	6,89·33	7,44·60	+55·27	+368,500
Mint	36·79	65·70	+28·91	+192,700
Stamps	6,25·14	6,35·30	+10·16	+67,700
Minor Irrigation Works	25·49	35·23	+9·74	+64,900
Assessed Taxes	2,14·93	2,22·32	+7·39	+49,200
Salt	4,93·50	5,00·53	+7·03	+46,900
Other heads (Net)	23,62·22	23,66·85	+4·63	+30,900
Decreases—				
Land Revenue (including share due to Irrigation)	31,88·68	29,33·53	−2,55·15	−1,701,000
Net receipts from Railways	20,48·22	19,39·41	−1,08·81	−725,400
Forest	2,83·47	2,61·26	−22·21	−148,100
Exchange	20·00	9·00	−11·00	−73,300
Army Receipts	1,59·57	1,51·22	−8·35	−55,600
TOTAL	1,08,75·00	1,06,48·38	−2,26·62	−1,510,800

1907-1908. Land Revenue.

112. The main feature of the Revised Estimate is the very great decrease of Land Revenue, which reflects the unsatisfactory character of the autumn monsoon of 1907. In the United Provinces alone, the collections of Land Revenue are less than the Budget by 141·14 lakhs; and in Bombay and the Punjab there are decreases of 49·13 and 20·96 lakhs, respectively, although in the former province there were unexpectedly large collections of outstandings in the first half of the year. The decline in the Central Provinces and Bengal is less (12·87 and 4·83 lakhs, respectively), but in Burma it is 30·08 lakhs; the bulk of this is due to the failure of the crops in several of the Upper Burma districts, but 8·8 lakhs represent a transfer to Irrigation revenue of the irrigation share of the consolidated land revenue rate in Upper Burma which has hitherto been credited to Land Revenue and taken as an indirect receipt in the administrative accounts of irrigation works. Only in Eastern Bengal and Assam and the North-West Frontier Province do the estimates show small improvements (3·65 and 2·32 lakhs); these, however, are partly counterbalanced by a falling-off of 2·11 lakhs in Madras and the minor Provinces. It will be understood that these figures include the share of land revenue due to irrigation.

Of the total decrease of Land Revenue, 215·46 lakhs are in the Imperial share, and 39·69 lakhs in the share accruing to Provincial. Both these figures include certain special assignments to Local Governments which are adjusted by deduction from the Imperial and addition to the Provincial shares. The more important of these are assignments of 32·72 lakhs to the United Provinces to raise the closing Provincial balance in the Revised Estimate to the prescribed minimum, and 9·25 lakhs to Bombay to make up the minimum amount of Land Revenue guaranteed under the Provincial Settlement. There are also assignments of 5·75 lakhs to the Punjab and 1·12 lakhs to the Central Provinces, in respect of similar guarantees for Irrigation and Land Revenue, respectively; 5 lakhs for tank restoration works in Madras; and 10 lakhs to Burma, on account of the first instalment of the Imperial contribution towards the cost of the Rangoon river training scheme. On the other hand, there are new recurring assignments from Provincial to Imperial aggregating 12·09 lakhs in connection with the new system of calculating interest on the Irrigation debt (*vide* paragraphs 17 to 23).

1907-1908. Customs, Opium and Mint receipts.

113. The variations in the receipts from Railways, Customs, Opium and Mint affect only the Imperial surplus. Railways will be dealt with in the next paragraph. Of the increase in Opium receipts, 45·3 lakhs are in the sales of Bengal opium, an average price of Rı,350 per chest having been realised as

against R1,250 per chest taken in the Budget. The exports of Malwa opium are also expected to result in an increase (10·25 lakhs) over the Budget Estimate of pass-fees. The improvement under Customs is remarkable, the increase over the receipts of 1906-1907 being no less than 91·85 lakhs, of which only 36·58 lakhs were anticipated in the Budget. The betterness of 55·27 lakhs is distributed over most of the tariff heads, chiefly cotton manufactures (15·5 lakhs), manufactured articles (14 lakhs), silver (13·5 lakhs), metals other than silver (9·5 lakhs), petroleum (8·5 lakhs), articles of food and drink (4·1 lakhs), and excise duty on cotton goods (3·5 lakhs). Only under export duty and sugar, and to a small extent under spirits, were the receipts over-estimated. In the first case, the decrease of 15 lakhs is one of the consequences of famine, as large quantities of rice which ordinarily would have been consigned abroad have been diverted to Indian ports, where no duty is paid. The comparatively high Mint receipts are due to the unexpectedly heavy demand for bronze coin and for the new nickel one-anna coin. The profit on the mintage of these is now estimated at 34 lakhs as against 10 lakhs budgeted for. The renewal of dollar coinage and the heavy output of rupees in the earlier part of the year have also contributed towards the large improvement.

1907-1908. Railways.

114. Next to Land Revenue, the net receipts from Railways show the largest decline (1,08·81 lakhs). This is due not to an over-estimate of the gross receipts, but to a growth of working expenses which has largely exceeded the corresponding growth of earnings. Under State Railways, the latter amounts to 1,01·7 lakhs, of which 35·9 lakhs represent the receipts of the Madras Railway since its purchase from the Company on the 1st January 1908. The gross increase of working expenses is, however, 1,79 lakhs, of which 18 lakhs is due to the acquisition of the Madras Railway. The decrease in the net traffic receipts of other State Railways is therefore 95·2 lakhs, and this is largely due to heavy expenditure on renewals and repairs, chiefly on the East Indian, Great Indian Peninsula, Rajputana-Malwa, Oudh and Rohilkhand and Eastern Bengal Railways.

The purchase of the Madras Railway with effect from the 1st January 1908 causes a decrease of 27·71 lakhs in the net traffic receipts of Guaranteed Companies. The corresponding increase under State Railways is 17·9 lakhs. The difference of 9·81 lakhs is due to the settlement of outstanding liabilities on the closing of the accounts of the guaranteed line.

1907-1908. Minor Increases of Revenue.

115. The Salt revenue shows satisfactory results, the reduction in the rate of duty announced in March last having largely increased consumption. The increase over the Budget would have been greater than 7·03 lakhs but for the fact that the clearances of salt between the 20th and the 31st March 1907 were exceptionally heavy; dealers had been deferring issues for some time in anticipation of a possible reduction in duty. The receipts under Stamps have increased in most of the Provinces. Only in Bengal (4·5 lakhs), the United Provinces, and Eastern Bengal and Assam (3·5 lakhs each) have the increases been at all considerable. In Bombay and Burma, there are decreases of 1 and 4 lakhs; but the Stamp revenue, as a whole, shows steady progress. The increase under Minor Irrigation Works is chiefly due to a change in the method of accounting for the irrigation share (8·8 lakhs) of the consolidated land revenue rate in Upper Burma; *vide* paragraph 112. The improvement under Assessed Taxes is chiefly in Bombay (4·52 lakhs), where it is largely due to the continued development of the cotton trade.

1907-1908. Minor Decreases of Revenue.

116. Under Forest, there is a decrease of revenue in all the large provinces, except Madras and Bombay, where improvements of 4·5 and 4 lakhs, respectively, are expected. The decrease is largest in Burma (18 lakhs), where departmental timber operations have been curtailed. The Budget Estimate as usual provided for a moderate receipt under Exchange (20 lakhs), but the actual gain is not likely to exceed 9 lakhs this year. Of this, 6·01 lakhs represents the difference of exchange in connection with the transactions of the late Madras Railway Company. The gain on the Secretary of State's drawings is small, as the rate obtained for Bills on India has fallen considerably during the year, and averages now only a very small fraction over 16*d.* per rupee. Under Army, the decrease is chiefly in the receipts for malt liquor, consequent on the troops making their own arrangements for the supply of

beer from the 1st of January 1908; it is balanced by a corresponding decrease in expenditure, as explained in Appendix II.

1907-1908. Variations in expenditure.

117. The important variations in expenditure are the following:—

Heads.	Budget, 1907-1908.	Revised, 1907-1908.	Increase + Decrease—.	
	Lakhs.	Lakhs.	Lakhs.	£
Increases—				
Net charge for Interest on Ordinary Debt	84·43	1,94·66	+1,10·23	+734,800
Famine Relief	9·01	77·39	+68·38	+455,900
Civil Works	6,84·39	7,01·73	+17·34	+115,600
Stationery and Printing	96·67	1,09·31	+12·64	+84,200
Major Irrigation Works—Working Expenses	1,39·82	1,47·74	+7·92	+52,800
Courts of Law	3,79·47	3,86·88	+7·41	+49,400
General Administration	2,37·20	2,43·36	+6·16	+41,100
Jails	1,23·96	1,29·34	+5·38	+35,900
Other heads (net)	38,80·40	38,88·90	+8·50	+56,600
Decreases—				
Army	29,02·64	28,13·19	—89·45	—596,300
State Railways—Interest on Debt	8,57·61	7,89·32	—68·29	—455,300
Reduction or Avoidance of Debt	70·61	37·50	—33·11	—220,700
Opium	2,70·71	2,49·48	—21·23	—141,600
Major Irrigation Works—Interest on Debt	1,68·44	1,48·14	—20·30	—135,300
Military Works	1,88·87	1,70·13	—18·74	—124,900
Political	1,40·20	1,22·24	—17·96	—119,700
Minor Irrigation Works and Navigation	1,44·86	1,29·13	—15·73	—104,800
Forest	1,60·63	1,47·84	—12·79	—85,300
Construction of Protective Irrigation Works	70·00	61·12	—8·88	—59,200
State Railways—Interest on Capital deposited by Companies	2,26·57	2,19·72	—6·85	—45,700
Total	1,08,36·49	+1,07,67·12	—69·37	—462,500

1907-1908. Increases of expenditure. Interest charges.

118. The charges for Interest on the public debt as a whole are in excess of the Budget by 22·36 lakhs. The payments in India show a small decrease; but the sterling loans were issued at a discount and at $3\frac{1}{2}$ per cent, instead of 3 per cent which has been customary in recent years; a temporary loan of £1,000,000 was also raised in England. The differences appearing against interest on ordinary, railway and irrigation debt, respectively, in the foregoing table, are mainly adjustments, due to the change in the method of calculating the charges which is fully described in paragraphs 17 to 23 of Part I. The effect of this important reform is a large reduction in the disproportionate burden of interest which has hitherto fallen on Railways and Productive Irrigation Works.

119. The estimate of Famine Relief expenditure is 77·39 lakhs. The distribution by Provinces and the comparison with the Budget is as follows :— *1907-1908. Famine Relief and Insurance.*

	Budget Estimate.	Revised Estimate.	Increase (+) Decrease (—).
	Lakhs.	Lakhs.	Lakhs.
India (chiefly Ajmer)	0·61	0·42	—0·19
Central Provinces and Berar	...	2·50	+2·50
Eastern Bengal and Assam	...	0·01	+0·01
Bengal	8·00	6·12	—1·88
United Provinces	...	67·50	+67·50
Punjab	...	0·50	+0·50
Bombay	0·40	0·34	—0·06
TOTAL	9·01	77·39	+68·38

In accordance with the new arrangements for the distribution of Famine Relief expenditure between Imperial and Provincial Revenues, described in paragraphs 48 to 56 of the Financial Statement for 1907-08, 54·88 lakhs of the total charge of 77·39 lakhs has fallen upon Imperial. The Budget however contained a provision of 33·11 lakhs under the head "Reduction or Avoidance of Debt" (Imperial) and this has been diverted to meet a portion of the Imperial charge under the head Famine Relief, thus causing a corresponding reduction under the former head. Owing to the Imperial Government undertaking the cost of famine relief up to a fixed limit, it is only in the United Provinces that any material portion of the direct expenditure on relief measures has fallen upon Provincial Revenues: the provision on this account in the Revised Estimate is 22·51 lakhs. It has not been found possible to spend the full Budget grant for the construction of Protective Irrigation Works; and there will be a lapse of 8·88 lakhs.

120. The whole increase in Civil Works expenditure is in the Provincial section and 9·92 lakhs occurs in the Central Provinces and Berar; this is chiefly due to the programme of useful public works having been developed during the course of the year to provide employment for labour in famine tracts, in preference to special measures of relief. There have also been increases in Burma, Bombay and Eastern Bengal and Assam, but these are largely counterbalanced by reductions in the United Provinces, Punjab and Madras. The increase under Stationery and Printing is distributed over most of the Provinces, but the fluctuations individually are of no great importance. The increase in the working expenses of Major Irrigation Works is chiefly in the Punjab, where important works and repairs for which the Budget did not provide had to be undertaken on the Western Jumna, Upper Bari Doab, Sirhind, and Lower Chenab canals; there was also unforeseen expenditure on special repairs to canals in Bengal, and a transfer of certain canals from the Minor Works category to Major Works. *1907-1908. Civil Works, Stationery and Printing, and Major Irrigation Works.*

121. Under Courts of Law, scarcity has led to specially high payments as allowances for dearness of grain; in the Punjab, Bengal and Eastern Bengal, the payments to law officers for the conduct of criminal suits have also been above the average, while in Burma an increase has resulted from the re-organisation of the provincial and judicial service, and the transfer to this head of charges for the service of processes which have hitherto been taken under "3.—Land Revenue." The Jail charges have been raised by the enhanced cost of dietary, due to the high price of food grains in most provinces. *1907-1908. Courts of Law and Jails.*

122. Of the large decrease in Army expenditure, 51·05 lakhs is in "special" expenditure and 38·4 lakhs is in ordinary expenditure. These variations, as also that under Military Works, are explained in Appendix II. The Revised Estimate of Army expenditure includes 7·5 lakhs for the Bazar Valley Field Force. *1907-1908. Decreases of Expenditure. Military Services.*

123. The decrease in Opium expenditure results from the contraction of the poppy-growing area in Bengal, while the saving in Political expenditure is due to the drawings of His Majesty the Amir, against the balance of his subsidy, having been much smaller than was expected. The transfer of certain canals to the Major Works category accounts for part of the decrease under Minor Irrigation Works; the bulk of it, however, is due to inability to utilise fully the *1907-1908. Opium, Political, Minor Works, Forest, etc.*

Budget grant. The decline in Forest expenditure is less than the corresponding decrease of revenue and, like the latter, occurs chiefly in Burma; it is due to the curtailment of departmental timber operations and to the provision for the purchase of elephants and a launch not having been fully utilised. The reduction in the charges for Interest on Capital deposited by Railway Companies is a consequence of the stringency in the English money market, which has led to the raising of less capital by Railway Companies than the Budget anticipated.

1907-1908. Imperial and Provincial figures.

124. The figures of the Budget and Revised Estimates are shown in the following table so as to compare the Imperial and Provincial results separately:—

	Imperial.		Provincial.		Total.	
	Budget, 1907-1908.	Revised, 1907-1908.	Budget, 1907-1908.	Revised, 1907-1908.	Budget, 1907-1908.	Revised, 1907-1908.
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£	£
Revenue	75,80·66	73,90·11	32,94·34	32,58·27	72,500,000	70,989,200
Expenditure	74,64·47	73,54·80	33,72·03	34,12·33	72,243,300	71,780,800
Excess (+) or defect (—) of revenue as compared with expenditure	+1,16·19	+35·31	—77·69	—1,54·66	+256,700	—791,600
	£ +774,600	£ +235,400	£ —517,900	£ —1,027,000		

1907-1908. Variations in Provincial Revenue.

125. All the important variations which have contributed to the net deterioration of 80·88 lakhs under Imperial have been explained in the preceding paragraphs. Under Provincial, the decrease of 36·07 lakhs in revenue occurs chiefly under the following heads:—

	Lakhs.
Increases—	
Land Revenue due to Irrigation	20·97
Minor Irrigation Works	10·00
Stamps	4·67
Receipts in aid of Superannuation	3·85
Assessed Taxes	3·05
	42·54
Decreases—	
Land Revenue	60·66
Forest	10·49
Miscellaneous	5·29
Other heads (net)	2·17
	78·61

The net decrease in the Provincial share of Land Revenue (39·69 lakhs) has been explained in paragraph 112. The distribution of the net figure into a decrease of 60·66 lakhs and an increase of 20·97 lakhs, as shown in the foregoing table, is purely an account matter. In Bombay and the Punjab, it was formerly the practice to divide the gross land revenue collections between Imperial and Provincial, before deducting from them the portion of Land Revenue due to Irrigation. The deduction on the latter account was then made from the Imperial share of Land Revenue and credited as an Irrigation receipt (Imperial). It has now been decided to deduct the revenue due to irrigation and transfer it to the shared head "Major Works" before allocating the rest of the Land Revenue receipts between Imperial and Provincial. The net effect on Imperial and Provincial balances is *nil*; and the distribution of the receipts from Land Revenue due to Irrigation now follows that of the parent Irrigation head.

126. The differences under Stamps, Assessed Taxes, Forest and Minor Irrigation Works have been explained in paragraphs 115 and 116. The increase in Superannuation Receipts is caused by a special credit of 3·53 lakhs in Bengal, representing the sale proceeds of debentures belonging to the Calcutta Police Superannuation Fund which has been abolished. Under Miscellaneous, the main cause of the decrease of 5·29 lakhs is the remission, with effect from 1907-1908, of fees which have hitherto been recovered from Municipalities and certain other local bodies for the audit of their accounts; there is also a decrease in the sums accruing to Government on account of deposits which have remained unclaimed for years. *1907-1908. Superannuation and Miscellaneous Receipts—Provincial.*

127. The increase of 40·3 lakhs in Provincial expenditure is the result of the following variations:— *1907-1908. Variations in Provincial Expenditure.*

	Lakhs.
Increases—	
Famine Relief	22·58
Civil Works	17·38
Courts	7·46
Jails	5·29
Major Irrigation Works—Working Expenses	5·25
Stationery and Printing	4·38
Interest on Ordinary Debt	4·29
General Administration	3·72
	70·28
Decreases—	
Major Irrigation Works—Interest on Debt	11·61
Forest	5·82
Minor Irrigation Works	5·17
Land Revenue	4·17
Other heads (net)	3·21
	29·98

128. The increase in the Provincial charge for Interest is chiefly in the United Provinces (3·35 lakhs), agricultural conditions having necessitated the issue of exceptionally heavy takavi advances, upon which the Local Government has to pay interest to Imperial revenues. Under General Administration, the increase is distributed over all the provinces and is nowhere considerable; it is partly due to the remission, with effect from 1907-1908, of fees which have hitherto been recovered for the audit of District Boards' accounts and taken in reduction of Provincial expenditure under this head. The decrease of expenditure under the head Land Revenue is partly in Madras, where the provision of a lakh for the constitution of additional districts has not been utilised and savings have occurred on similar provisions for revision of establishments; there are also general savings in Bombay and Burma, which are partly counterbalanced by increased grain compensation and other charges in the United Provinces and elsewhere. Most of the remaining variations have already been explained in paragraphs 118 to 121 and 123.

Section III.—The Budget Estimate of 1908-1909.

129. The following is a general comparison of the Budget Estimate of 1908-1909 with the Revised Estimate of 1907-1908. *1908-1909. Statement of gross figures.*

	Revised 1907-1908.	Budget 1908-1909.	1908-1909 better than 1907-1908.	1908-1909 worse than 1907-1908.
	£	£	£	£
Total Revenue	70,989,200	73,438,900	2,449,700	...
Total Expenditure	71,780,800	73,392,500	...	1,611,700
Adjustment of Provincial Surplus (+) or Deficit (—).	—1,027,000	—525,100	...	501,900
Total Expenditure charged to Revenue.	70,753,800	72,867,400	...	2,113,600
Surplus	235,400	571,500	336,100	...

The figures this year present no outstanding features of special importance. Until the next harvest is assured, scarcity must unfortunately continue in the greater part of the United Provinces, in large tracts of Bombay, the Central Provinces and the Punjab, and in certain districts in other provinces. Expenditure on famine relief, both direct and indirect, must consequently be high; and there will be heavy remissions and suspensions of land revenue, as well as losses under the other heads of receipts which are affected by scarcity. No provision has thus been made for any reduction of taxation; and the grants to Local Governments in aid of administrative developments which have been a prominent feature of recent budgets have had to be kept within the most moderate dimensions. The estimates have been framed generally on the assumption that normal agricultural conditions will be restored with the next monsoon; and they anticipate a small surplus of only 85·72 lakhs (£571,500).

1908-1909. Assignments for Police expenditure and Sanitation.

130. The Budget Estimate provides for special assignments to Local Governments for further Police reform and for Sanitation of 12 and 30 lakhs (£80,000 and £200,000), respectively. The distribution by Provinces is as follows :—

	For Police reform.	For Sanitation.
	Lakhs.	Lakhs.
Madras	...	3·50
Bombay	4·25	4·50
Bengal	4·00	4·50
United Provinces	...	5·00
Punjab	...	4·00
Burma	...	3·00
Eastern Bengal and Assam	1·25	3·00
Central Provinces and Berar	1·50	2·00
North-West Frontier Province	...	0·50
Minor Administrations	1·00	...
TOTAL	12·00	30·00

No portion of the additional grant for Police reform is allotted to Madras, the United Provinces, or Burma, as full provision on this account was made on the occasion of the last revision of the settlements of these Provinces: and no grant is being made to the Punjab as it has already received subsidies which cover the cost of all reforms that are likely to be carried into effect before the end of the year.

1908-1909. General.

131. In the Budget of 1908-1909, the total revenue and the total expenditure give a surplus of £46,400, and as the excess of expenditure over revenue in the Provincial section alone is £525,100, there is an Imperial surplus of £571,500. The improvement of £336,100 as compared with the surplus of the Revised Estimate is the net result of increases of £612,000 and £275,900 in Imperial revenue and expenditure, respectively. Under Provincial, there are increases of £1,837,700 in revenue and £1,335,800 in expenditure. The Local Governments will thus draw from their Provincial balances £501,900 less than in 1907-1908. On the whole, therefore, Imperial and Provincial figures being amalgamated, the Budget shows an improvement of £838,000 as compared with the Revised Estimate.

This is very largely the result of the decided improvement of 221·49 lakhs (£1,476,700) which is expected in the collections of Land Revenue. The net Railway receipts show an increase of 120·01 lakhs (£800,100); and there are enhancements of 29·19 lakhs (£194,600) and 22·62 lakhs (£150,800) in the receipts from Excise and Irrigation, respectively. The expenditure on Civil Works is anticipated to be less by 33·70 lakhs (£224,700) than is provided for in the current year's Revised Estimate; and there is a reduction of 26·34 lakhs (£175,600) in Opium expenditure.

132. Against these improvements, provision has had to be made for a decline of 57 lakhs (£380,000) in the Opium revenue. The Army receipts have fallen off by 19·04 lakhs (£127,000); and the Army expenditure has risen by 32·69 lakhs (£217,900). Famine Relief is responsible for an increased charge of 54·68 lakhs (£364,500). There is a drop in the Mint revenue

of 24·88 lakhs (£165,900), and the Interest on the public debt has risen by 35·08 lakhs (£233,900). Among other anticipated increases of expenditure, the chief are under the heads Police (£301,100), Medical (£280,000) and Education (£183,200). It should also be noted that, under the terms of the new financial settlement with the United Provinces, a transfer of Imperial revenue, which is estimated at about 16½ lakhs net, has been made to the provincial account; this of course does not affect the gross figures.

133. The following table shows the more important heads of Revenue and compares for each of them the Budget figures of next year with the latest estimate of receipts during the current year:— *1908-1909. Main heads of Revenue.*

Heads of Revenue.	Revised, 1907-1908.		Budget, 1908-1909.		Budget, 1908-1909, more or less than Revised, 1907-1908.	
	Lakhs.	£	Lakhs.	£	Lakhs.	£
Land Revenue (including share due to Irrigation)	29,33·53	19,556,800	31,55·02	21,033,500	+2,21·49	+1,476,700
Railways—Net receipts	19,39·41	12,929,400	20,59·42	13,729,500	+1,20·01	+800,100
Excise	9,29·67	6,197,800	9,58·86	6,392,400	+29·19	+194,600
Opium	7,83·43	5,222,900	7,26·43	4,842,900	−57·00	−380,000
Customs	7,44·60	4,964,000	7,50·05	5,000,300	+5·45	+36,300
Stamps	6,35·30	4,235,300	6,54·25	4,361,700	+18·95	+126,400
Salt	5,00·53	3,336,900	5,10·33	3,402,200	+9·80	+65,300
Irrigation	3,62·43	2,416,200	3,85·05	2,567,000	+22·62	+150,800
Post Office	2,75·03	1,833,500	2,86·81	1,912,100	+11·78	+78,600
Forest	2,61·26	1,741,700	2,76·81	1,845,400	+15·55	+103,700
Assessed Taxes	2,22·32	1,482,100	2,28·16	1,521,000	+5·84	+38,900
Telegraph	1,50·61	1,004,100	1,55·68	1,037,900	+5·07	+33,800
Interest	1,47·12	980,800	1,52·18	1,014,600	+5·06	+33,800
Army	1,51·22	1,008,200	1,32·18	881,200	−19·04	−127,000
Tributes	83·79	558,600	92·65	617,700	+8·86	+59,100
Mint	65·70	438,000	40·82	272,100	−24·88	−165,900
Other heads	4,62·43	3,082,900	4,51·13	3,007,400	−11·30	−75,500
Total	106,48·38	70,989,200	110,15·83	73,438,900	+3,67·45	+2,449,700

134. Based, as they are, on the expectation of the return of normal conditions, the estimates of Land Revenue show an increase in most of the Provinces. In the United Provinces, Bombay and Burma where the failure of crops has necessitated specially large remissions and suspensions this year, the increases are taken at 1,15·17, 64·96 and 29 lakhs, respectively; in Bengal it is 5 lakhs, and less elsewhere. Only in the North-West Frontier Province is there a small decline (1·25 lakhs), due to the necessity for granting remissions and suspensions of revenue in four districts. *1908-1909. Land Revenue.*

135. One of the main features of the Railway estimates of 1908-1909 is the absence of any entries, either on the receipt or expenditure side, against "Guaranteed Companies." This is a consequence of the purchase, with effect from the 1st January 1908, of the Madras Railway, the last of the old "Guaranteed lines,"—a category which once included the Bombay, Baroda and Central India, the Great Indian Peninsula, the South Indian and other important railway systems that have now been acquired by the State. The acquisition of the Madras Railway in the last quarter of the current year has occasioned increases of 1,26·8 and 91 lakhs in the Budget Estimate of gross receipts and working expenses, respectively, of State Railways for 1908-1909. *1908-1909. Railways.*

Apart from these exceptional transactions and the large differences which they occasion in the estimates of the Railways which will work the newly purchased line, the only important variations in the gross receipts and working expenses of State Railways, between the Revised Estimate of 1907-1908 and the Budget of next year, are the following:—

	Increase + Decrease —		
	Gross Receipts.	Working Expenses.	Net Receipts.
	Lakhs.	Lakhs.	Lakhs.
Eastern Bengal Railway	+15·00	—8·00	+23·00
Bengal Nagpur Railway	+30·00	+11·00	+19·00
Rajputana-Malwa Railway	+20·00	+3·00	+17·00
East Indian Railway	+25·00	+12·50	+12·50
Oudh and Rohilkhand Railway	...	—7·00	+7·00
North Western Railway	...	—10·00	+10·00
Bombay, Baroda and Central India Railway	+9·91	...	+9·91
Kalka-Simla Railway	—9·50	—5·50	—4·00
Great Indian Peninsula Railway	+7·00	—8·60	+15·60
Southern Mahratta Railway	+7·04	+4·12	+2·92
Mayavaram-Mutupet Railway	—6·40	—3·55	—2·85
South Indian Railway	+7·18	+11·62	—4·44
Nilgiri Railway and Azikhal Mangalore Railway	—4·85	—3·85	—1·00

136. With effect from the 1st April 1908, the transactions of the Kalka-Simla Railway will be incorporated in the accounts of the North Western Railway, while those of the Nilgiri and Azikhal-Mangalore Railways have been included in the accounts of the South Indian Railway since the 1st January 1908. Apart from these disturbing factors, and the differences in the estimates occasioned by the transfer of the Katpadi-Dharmavaram-Pakala-Gudur section of the South Indian Railway to the Southern Mahratta Railway in January 1908, the several increases shown above represent the general development of traffic and its attendant expenses which may reasonably be expected next year. In the case of the Bengal-Nagpur Railway, the recent opening of the Purulia-Ranchi branch and the fact that portions of the Gondia-Chanda and Vizianagram-Raipur Railways will also be opened to traffic account for part of the increase. The decrease of working expenses on the Oudh and Rohilkhand Railway follows on specially large expenditure for renewals in the current year. The scarcity in Gujerat is expected to augment the receipts of the Bombay, Baroda and Central India Railway, but working expenses are likely to be no higher than in 1907-1908. The decreases shown against the Mayavaram-Mutupet Railway are formal, being due to the exclusion from the Government accounts of the transactions of Local Funds, to which reference has already been made in paragraphs 9 to 15.

1908-1909. Excise and Stamps Revenue.

137. The growth of the Excise receipts has been taken with moderation, allowance having been made for the effects of the prevailing scarcity on this important source of revenue. The total increase of 29·19 lakhs is distributed over all the Provinces, but nowhere except in the Central Provinces does it exceed 5 lakhs. Increases of that amount are expected in Bengal and Madras, of 4·5 lakhs in Bombay, 3·58 lakhs in the Punjab, and 3 lakhs in Eastern Bengal and Assam. The expansion of Stamp receipts is largest in Bengal (6 lakhs) and Madras (5·4 lakhs). In Eastern Bengal and Assam and in Burma it is taken at 4 and 3 lakhs, respectively, and less elsewhere. A decline of a lakh is expected in the Central Provinces, while in the Punjab it is assumed that the receipts will be stationary.

1908-1909. Opium Revenue.

138. The decrease of Opium revenue is a direct consequence of the policy of restricting exports to China. The Budget has been framed on the assumption that the total exports in 1908-1909 will not exceed 61,000 chests and that of

these 45,900 will be of Bengal opium and 15,100 of the Malwa drug. The duty on the latter is fixed at R600 per chest, but the prices of Bengal opium vary at the monthly sales, and an average rate of R1,300 per chest has been adopted for the purposes of the Budget. This is R73 less than the price realised at the last sale; but in view of the fact that the average sale price has declined from R1,587 and R1,434 in 1904-1905 and 1905-1906, respectively, to R1,391 and R1,350 in the last two years, it has not been thought advisable to budget for a higher average than R1,300 next year.

1908-1909. Salt and Customs Revenue.

139. Under both Salt and Customs the increases of revenue are specially low, but this is not so much the result of the prevailing distress, as of the special conditions which have contributed to the receipts obtained under both these heads in the current year. In Madras, the Salt revenue was swelled by 19·7 lakhs owing to the recovery of duty at the rate of R1-8 per maund on credit sales of the year 1906-1907 which were made prior to the 20th March 1907. But for this disturbing factor, the increase of Salt revenue in the Budget would have been 29·5 lakhs, corresponding to an anticipated increase in consumption of approximately 2·9 million maunds. The rise under this head of revenue, under the stimulus of the recent reduction in duty, would have been much higher had it not been for the presence of famine in the land. Under Customs, the comparative smallness of the total increase is due to the unprecedented growth of the import duties this year which has already been noticed in paragraph 113. This growth has been so large, that it has been considered expedient to budget for a small decrease (0·55 lakh) next year, in view of the heavy accumulation of stocks and the probable slackening of imports. Nor has any material increase of the export dues on rice been feasible: in all recent famines of any intensity, the diversion of rice from the export trade to the markets in the distressed tracts has been considerable, and this will no doubt be again the case in 1908-1909. On the other hand, a moderate increase (3·5 lakhs) in the excise duty on cotton goods and the miscellaneous receipts of the Customs Department is anticipated.

1908-1909. Irrigation Revenue.

140. Practically the whole increase of Irrigation revenue is in the Punjab. The failure of the wheat crop necessitated large special remissions on the Lower Chenab and Lower Jhelum canals this year; the Budget provides for no such loss in 1908-1909, while it takes account of a development of irrigation which is expected on the Lower Jhelum canal.

1908-1909. Other important increases of Revenue: Post Office, Forests, Assessed Taxes, Interest and Tributes.

141. The Post Office Budget provides for normal growth of the receipts—chiefly from the sale of postage stamps and money order commission. The revision of postal rates to which reference was made in paragraphs 38 and 157 of the last Financial Statement was given effect to from the 1st October 1907, but the loss of revenue has been less than was anticipated owing to an increase in the volume of business. The estimate of Forest revenue presents no special features; the growth of the receipts taken is not specially large and 9 lakhs of it is in Burma; the balance (6·55 lakhs) is distributed over all the Provinces, save the Punjab and the North-West Frontier Province which anticipate a slight decline. In the Punjab, this is due to the restoration to the Chamba State of the management of its forests. Under Assessed Taxes also the increase is general, the greatest rise in any one province being 1·5 lakhs in Bengal. The enhancement of Interest receipts is exceptional, being the result of the heavy issues of takavi loans in famine stricken areas. The total increase in India is 13·63 lakhs, of which 11·42 lakhs is in the United Provinces. This, however, is partly counterbalanced by a decrease of 8·57 lakhs in Interest receipts in England: it is not expected that so large a portion of the Secretary of State's cash balance will be available for temporary investment as has been the case in the current year. The variation under Tributes is the result of irregularity in payments of the fixed demands: the collections this year were about 6 lakhs short of the Budget.

1908-1909. Important decreases of Revenue: Mint, and Army receipts.

142. Apart from Opium, the largest decrease of revenue is in Mint receipts; it is due to the expectation that the coinage of new rupees will be much smaller than in the current year, and that the profit on the circulation of nickel and bronze coin will also be somewhat less. The large decline under Army is chiefly in the receipts for malt liquor, consequent on the troops making their own arrangements for such supplies; there is a corresponding decrease in expenditure.

1908-1909. Exchange and Miscellaneous.

143. Two heads of receipt which do not appear in the foregoing table are Exchange and Miscellaneous. No revenue is expected from the former in the coming year, thus causing a loss of 9 lakhs compared with 1907-1908. Under Miscellaneous, there is a drop caused mainly by the fact that the last instalment (8·33 lakhs) of the Tibet indemnity was brought to account in the current year.

1908-1909. Variations in expenditure.

144. The following table shows the more important heads of Expenditure and compares for each of them the budget figure for next year with the latest estimate of expenditure in the current year:—

Head of Expenditure.	Revised, 1907-1908.		Budget, 1908-1909.		Budget, 1908-1909, more or less than Revised 1907-1908.	
	Lakhs.	£	Lakhs.	£	Lakhs.	£
Army	28,13·19	18,754,600	28,45·88	18,972,500	+32·69	+217,900
Interest on Debt	12,14·98	8,099,800	12,50·06	8,333,700	+35·08	+233,900
Railways (excluding interest taken above)	7,78·02	5,186,800	7,86·44	5,242,900	+8·42	+56,100
Civil Works	7,01·73	4,678,200	6,68·03	4,453,500	—33·70	—224,700
Police	5,67·76	3,785,000	6,12·92	4,086,100	+45·16	+301,100
Land Revenue	5,28·37	3,522,500	5,36·22	3,574,800	+7·85	+52,300
Superannuation	4,50·93	3,006,200	4,58·84	3,058,900	+7·91	+52,700
Courts of Law	3,86·88	2,579,200	3,89·31	2,595,400	+2·43	+16,200
Irrigation (excluding interest taken above)	2,76·87	1,845,800	2,82·77	1,885,200	+5·90	+39,400
Post Office	2,57·56	1,717,100	2,72·34	1,815,600	+14·78	+98,500
Opium	2,49·48	1,663,200	2,23·14	1,487,600	—26·34	—175,600
Administration	2,43·36	1,622,400	2,51·16	1,674,400	+7·80	+52,000
Education	2,17·44	1,449,600	2,44·92	1,632,800	+27·48	+183,200
Famine Relief and Insurance	1,77·30	1,182,000	2,29·68	1,531,200	+52·38	+349,200
Military Works	1,70·13	1,134,200	1,79·88	1,199,200	+9·75	+65,000
Forest	1,47·84	985,600	1,57·54	1,050,300	+9·70	+64,700
Medical	1,26·64	844,300	1,68·64	1,124,300	+42·00	+280,000
Telegraph	1,63·57	1,090,500	1,64·19	1,094,600	+0·62	+4,100
Political	1,22·24	814,900	1,32·84	885,600	+10·60	+70,700
Jails	1,29·34	862,300	1,30·41	869,400	+1·07	+7,100
Scientific and other Minor Departments	1,15·63	770,900	1,25·32	835,500	+9·69	+64,600
Other Heads	9,27·86	6,185,700	8,98·34	5,989,000	—29·52	—196,700
TOTAL	1,07,67·12	71,780,800	1,10,08·87	73,392,500	+2,41·75	+1,611,700

145. The variations under Army and Military Works are explained in Appendix II. The increase of Interest charges is greater than usual, and is chiefly in the Home section of the estimates. It is partly due to the sterling loans of 1907-1908 carrying interest at the enhanced rate of 3½ per cent (*vide* paragraph 118), but mainly to the fact that a full year's interest on the loan of £5,000,000 raised in January 1908 has to be paid for the first time. Necessary provision has also been made in the Budget for the service of the rupee loan announced in paragraph 84. The share of interest chargeable to the Railway and Irrigation accounts, respectively, in accordance with the arrangements described in paragraphs 17 to 23, exceeds by 30·84 and 6·75 lakhs the corresponding charges of the current year. The whole increase being, however, only 35·08 lakhs, the portion chargeable to ordinary debt shews a decrease of 11·51 lakhs. *1908-1909. Army and Military Works Expenditure, and Interest charges.*

146. The net variation under Railways is comparatively small, but there is a decrease of 90·01 lakhs under Guaranteed Companies and an increase of 59·82 lakhs in the charge for Annuities in purchase of Railways, both of which arise out of the recent acquisition of the Madras Railway. The total annuity payment incurred on the purchase of the undertaking is approximately 83 lakhs, but the Budget provides for the exchange of 9·75 lakhs for new stock of the Southern Mahratta Railway Company and for the payment next year of three-quarters of the reduced annuity, *plus* a half year's annuity to holders who exchange. There is also an increase of 34·34 lakhs in the charge for Interest on Capital deposited by Railway Companies. *1908-1909. Railway Expenditure other than Working Expenses and Interest charges.*

147. The large decrease under Civil Works is in Provincial expenditure and is a somewhat unusual feature of a Budget. The requirements under this head are generally over-estimated, with the result that the Revised Estimate, which takes account of heavy lapses, is ordinarily much lower than the following year's Budget. The reversal in this case is due to the restriction of public works expenditure in Burma and Bengal in view of the comparatively low Provincial balances, to the adoption of a smaller programme in the Punjab where Provincial revenues have suffered by reason of the prevailing distress, and to the absence of special expenditure which was undertaken this year in Bombay. In the United Provinces, there is an increase of 4·88 lakhs in Provincial expenditure; but of this, 4·30 lakhs is for a payment to District Boards which ordinarily would have been recorded under the recently abolished adjusting head Contributions from Provincial to Local. *1908-1909. Civil Works Expenditure.*

148. Apart from a growth of 6·75 lakhs in the annual charge for interest on irrigation debt, the Irrigation expenditure has risen by 5·90 lakhs. This falls under Minor Works, where a lump Imperial grant of 5 lakhs has been provided for distribution during next year. The bulk of the decrease in Opium expenditure is due to the poor outturn of last winter's crop. The strong dry winds in February forced it to ripen prematurely and the produce is likely to be abnormally short. The advances for next year's crop will also be made on an area substantially reduced in accordance with the accepted policy of helping the Chinese reforms. *1908-1909. Irrigation and Opium Expenditure.*

149. Of the increases under Police and Medical, 12 and 30 lakhs, respectively, represent the additions made to the Budget by the Government of India to allow of expenditure being incurred next year against the special grants for additional police reforms and sanitation referred to in paragraph 130. The balance of the increase under Medical is chiefly for plague expenditure in the Punjab and Bombay, for improvements in the lighting and equipment of hospitals, and for grants-in-aid of the expenditure of local bodies which have hitherto been taken under the abolished adjusting head Contributions from Provincial to Local. The balance of the increase under Police is indicative of the progress which has been made in the development of schemes for the re-organisation of the police force. The enlarged provision under Education is also partly due to the school grants to District Boards being now taken under this head instead of as contributions, and partly to a general advance in the expenditure. *1908-1909. Police, Medical and Education Expenditure.*

150. The increase under Administration is chiefly in the requirements for imported stores, while that under Land Revenue is in Provincial expenditure in Bombay, Burma and Madras, and Imperial settlement expenditure in Eastern Bengal and Assam where operations are in progress in the Bakerganj, Faridpore, Jalpaiguri and Mymensingh districts. *1908-1909. Administration and Land Revenue Expenditure.*

1908-1909. Superannuation, Post Office and Telegraph Expenditure.

151. The increase under Superannuation represents the usual growth of the retired list. Under Post Office, provision has been made, in addition to normal growth, for the appointment of a Postmaster General for the Central Circle, for the reorganisation of the establishments of the three presidency post offices, for two additional Deputy Comptrollers, and for establishment required for the Madras audit office. The growth of Telegraph expenditure is small and normal.

1908-1909. Famine Relief and Insurance.

152. The direct expenditure on Famine Relief is estimated at 1,32·07 lakhs, the distribution of which is as follows :—

	Imperial.	Provincial.	Total.
	Lakhs.	Lakhs.	Lakhs.
India (chiefly Ajmer) . .	1·57	...	1·57
Central Provinces and Berar .	10·00	...	10·00
Bengal	8·44	1·56	10·00
United Provinces . . .	50·00	50·00	1,00·00
Punjab	3·00	...	3·00
Madras	2·50	...	2·50
Bombay	5·00	...	5·00
TOTAL .	80·51	51·56	1,32·07

The division of the total expenditure between Imperial and Provincial has been made in accordance with the arrangements described in paragraphs 48 to 56 of the Financial Statement for 1907-1908. The increase of Famine Relief expenditure over the Revised Estimate is 54·68 lakhs, but there is a small *per contra* reduction of 2·3 lakhs under Protective Railways and Irrigation Works.

1908-1909. Forest, Political and Scientific.

153. Forest expenditure in the Punjab shews a decrease (1·83 lakhs), consequent on the restoration to the Chamba State of the management of its forests. Elsewhere, the Budget differs but slightly from the Revised or provides for a small growth of expenditure. Only in Burma and Madras is the increase at all considerable (4·86 and 2·95 lakhs). The difference under Political is chiefly in the provision for the drawings of His Majesty the Amir against the balance of his annual subsidy. Under Scientific Departments, there is a fairly general increase of Provincial expenditure on veterinary and agricultural services, and a growth of Imperial survey expenditure. In Madras, provision has also been made for the expansion of the chrome tanning department, and for the development of expenditure in connection with fisheries ; and both in Bengal and Madras there is increased provision for the purchase of cinchona bark.

1908-1909. Courts of Law, Jails, Excise and Miscellaneous expenditure.

154. After the full provision made under Courts of Law and Jails in the current year, no further growth of expenditure is anticipated. Under Excise, however, which does not appear in the table at page 38, there is a large increase of 13·69 lakhs, which represents a general development of excise establishments in accordance with the recommendations of the Excise Committee, and includes a sum of 0·55 lakh for the newly created appointment of Inspector General of Excise and his establishment. Of the total decrease under "Miscellaneous," 16·56 lakhs in the United Provinces is caused by the abolition of the adjusting head Contributions from Provincial to Local. This is due to contributions aggregating 24·18 lakhs which were made to District Boards during 1907-1908 having had to be transferred to this head in the Revised Estimate, as the payments were made for general, and not for specific, purposes. In the Budget, similar contributions have been distributed over the heads of account to which they relate, and the sum taken under this head is 7·62 lakhs only. There is a similar decrease of 5·33 lakhs in Bengal, and smaller provision is made in the Imperial estimates for special commissions and committees, and for the refund of fines and penalties incurred by contractors in England.

155. The Imperial and Provincial results are compared separately in the table below :— *1908-1909. Provincial Revenue and Expenditure.*

	Imperial.		Provincial.		Total.	
	Revised, 1907-1908.	Budget, 1908-1909.	Revised, 1907-1908.	Budget, 1908-1909.	Revised, 1907-1908.	Budget, 1908-1909.
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£	£
Revenue	73,90·11	74,81·91	32,58·27	35,33·92	70,989,200	73,438,900
Expenditure	73,54·80	73,96·19	34,12·32	36,12·68	71,780,800	73,392,500
Excess (+) or defect (—) of revenue as compared with expenditure.	+35·31	+85·72	—1,54·05	—78·76	—791,600	+46,400
	£ +235,400	£ +571,500	£ —1,027,000	£ —525,100		

156. The large increase of Provincial Revenue next year over the Revised Estimate of 1907-1908 is chiefly under the following heads :— *1908-1909. Variations in Provincial Revenue.*

Increases—	Lakhs.
Land Revenue (including Land Revenue due to Irrigation)	+99·03
Excise	+93·79
Forest	+23·46
Assessed Taxes	+15·60
Major Irrigation Works	+13·93
Interest	+13·43
Stamps	+9·30
Registration	+6·98
Other Heads (net)	+0·13

The gross increases under the first seven of the above heads have been dealt with in paragraphs 134, 137, 140 and 141, but under Excise, Forest, Assessed Taxes, and Registration the increase of the Provincial share of the revenue is greater than the total growth. This is the result of the altered distribution of these revenues effected at the revision of the Settlements with Madras and the United Provinces to which reference has already been made in paragraph 66. Of the net increase in the Provincial share of Land Revenue, 40·5 lakhs represent the aggregate of the assignments from Imperial to Provincial Revenues for additional police reforms and sanitation (*vide* paragraph 130). In the Budget, there are also special assignments of 6·47 and 14·82 lakhs to the United Provinces to make up the minimum amount of Land Revenue guaranteed under the Provincial Settlement, and to avoid a *minus* Provincial balance in the Budget, respectively. There is also a substantial true betterness in collections.

157. The chief variations resulting in the increase of 2,00·36 lakhs in Provincial expenditure next year are the following :— *1908-1909. Variations in Provincial Expenditure.*

Increases—	Lakhs.
Land Revenue	+45·98
Medical	+40·05
Police	+39·78
Famine Relief	+29·05
Education	+25·96
Major Irrigation Works—Interest on Debt	+15·71
Forest	+14·36
Excise	+ 9·46
Major Irrigation Works—Working Expenses	+ 8·89
Scientific and other Minor Departments	+ 7·45
Other Heads (net)	+21·63
Decreases—	
Civil Works	—34·49
Miscellaneous	—23·47

The gross increase or decrease of expenditure under most of the above heads has been explained in paragraphs 148 to 154. Under Land Revenue, Forest, and Interest on Irrigation Debt, the increases in the Provincial section of the Budget are larger, however, than the total increase. This, and similar differences under Excise and Major Irrigation Works, are the result of the recent revision of the Provincial Settlements of Madras and the United Provinces. Of the increase in the Provincial charge for Famine Relief, 27·5 lakhs are in the United Provinces and 1·56 lakhs in Bengal. As stated in paragraph 152, these fluctuations are due to the division of the total expenditure on Famine Relief between Imperial and Provincial in accordance with the arrangements described in paragraphs 48 to 56 of the Financial Statement for 1907-1908.

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE (including that due to Irrigation)—						
India General	15,05,172	13,57,265	15,24,613	16,25,000	15,07,000	16,05,000
Central Provinces	87,29,557	85,86,937	1,70,73,306	1,75,62,000	1,62,75,000	1,65,52,000
Berar	83,06,277	84,36,779				
Burma	3,70,84,384	3,82,91,967	3,86,04,916	4,15,78,000	3,85,70,000	4,14,70,000
Assam	63,37,256	1,90,14,659	1,93,52,665	1,97,60,000	2,01,25,000	2,03,30,000
Eastern Bengal						
Bengal	4,11,45,565	2,92,18,589	2,89,04,871	2,99,33,000	2,94,50,000	2,99,50,000
United Provinces of Agra and Oudh	6,46,03,633	6,04,12,536	6,31,96,701	6,57,24,000	5,16,10,000	6,31,27,000
Punjab	2,63,91,590	2,41,53,128	2,71,96,161	2,72,00,000	2,51,04,000	2,53,71,000
N.-W. Frontier Province	19,80,446	19,33,815	22,32,744	21,33,000	23,65,000	22,40,000
Madras	5,80,91,916	6,11,32,577	6,28,86,581	6,32,63,000	6,31,70,000	6,31,84,000
Bombay	4,31,29,202	4,45,03,226	5,10,39,902	5,00,90,000	4,51,77,000	5,16,73,000
TOTAL ₹	29,73,04,998	29,70,71,478	31,20,11,561	31,88,68,000	29,33,53,000	31,55,02,000
Shown under XXIX.—Irrigation ₹	1,33,98,743	1,45,31,687	1,51,04,710	1,54,76,000	1,54,77,000	1,60,99,000
Shown under I.—Land Revenue ₹	28,39,06,255	28,25,39,791	29,69,06,851	30,33,92,000	27,78,76,000	29,94,03,000
Equivalent in Sterling	19,820,333	19,804,765	20,800,772	21,257,800	19,556,800	21,033,500
Shown under XXIX.—Irrigation £	893,250	968,779	1,006,981	1,031,700	1,031,800	1,073,300
Shown under I.—Land Revenue £	18,927,083	18,835,986	19,793,791	20,226,100	18,525,000	19,960,200
EXPENDITURE—						
India—						
District Administration	4,76,04,109	4,94,21,312	5,02,96,986	5,28,55,000	2,32,80,000	2,35,27,000
Other Charges					2,95,40,000	3,00,85,000
TOTAL INDIA ₹	4,76,01,109	4,94,21,312	5,02,96,986	5,28,55,000	5,28,20,000	5,36,12,000
Equivalent in Sterling	3,173,608	3,294,754	3,353,132	3,523,700	3,521,400	3,574,100
England—						
Other Charges £	875	1,811	790	700	1,100	700
TOTAL EXPENDITURE £	3,174,483	3,296,565	3,353,922	3,524,400	3,522,500	3,574,800

158. Freed of all technicalities as to adjustments between Imperial and Provincial, the large deterioration in the current year's collections is almost entirely the result of the failure of the monsoon and consequently of the autumn harvest in several provinces. The heaviest drop is in the United Provinces, where it is estimated that nearly 1¼ crores of the current demand will be suspended or remitted during the year. In the second order of magnitude comes Bombay, where heavy collections of the arrears from the previous famine were realized during the earlier part of the year, and partially obscure the losses on account

of the autumn harvest; the suspensions and remissions of the current demand being reckoned at about ¾ crore. The Punjab and the Central Provinces also suffer, though in a minor degree; and there has also been a reduction in the revenue demand due to the failure of crops in certain districts in Upper Burma. In Burma, however, a part of the loss is nominal, being the result of transferring 8·8 lakhs from the Land Revenue to the Irrigation head of account; this sum represents the share of revenue which is calculated as due to irrigation on lands served by the minor irrigation works in the province. For next year, the revenue from the crops which are now being harvested will be in serious defect in the scarcity provinces: but the estimates assume that a normal autumn monsoon will subsequently allow of the collection of a substantial share of the arrears. In the United Provinces and Bombay particularly, in spite of large suspensions and remissions in the revenue which falls due between April and July, substantial arrear payments are expected in the later months. The increase in Burma follows, under the fluctuating assessment system, the larger area which ought to be cultivated in normal seasons.

The more noticeable increases in expenditure are the result of survey and settlement charges in Eastern Bengal, and of extra allowances to the subordinate establishments in several provinces as compensation for the dearness of grain.

OPIUM.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
INDIA.						
Revenue—						
Bengal—Sale of Opium .	7,61,93,120	7,05,53,610	7,34,32,575	6,15,00,000	6,60,30,000	5,96,70,000
Bombay—Pass Fees.	1,12,36,875	85,41,000	82,75,200	79,75,000	90,90,000	90,60,000
Excise Opium and other Revenue .	28,92,496	29,37,084	32,00,147	32,91,000	33,13,000	39,13,000
TOTAL ₹	9,03,22,491	8,20,31,694	8,49,07,922	7,27,66,000	7,83,43,000	7,26,43,000
Equivalent in Sterling .	6,021,499	5,468,780	5,660,528	4,851,100	5,222,900	4,842,900
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,69,25,333	2,58,14,453	2,61,60,116	2,44,60,000	2,25,02,000	1,98,00,000
Other Charges .	25,46,301	25,45,748	25,14,101	25,86,000	24,21,000	24,96,000
TOTAL INDIA ₹	2,94,71,634	2,83,60,201	2,86,74,217	2,70,46,000	2,49,23,000	2,22,96,000
Equivalent in Sterling .	1,964,775	1,890,680	1,911,615	1,803,100	1,661,500	1,486,400
ENGLAND.						
Other Charges £	2,310	1,761	1,677	1,700	1,700	1,200
TOTAL £	1,967,085	1,892,441	1,913,292	1,804,800	1,663,200	1,487,600
Statistics—						
Bengal—						
Chests sold .	48,000	49,200	52,800	49,200	48,900	45,900
Average price .	₹1,587	₹1,434	₹1,391	₹1,250	₹1,350	₹1,300
Chests produced .	50,004	55,501	48,750	...	38,125	...
Chests in Balance, March 31 .	69,762	76,063	72,013	...	61,238	...
Reserve, December 31 . . .	31,762	32,566	36,463	42,413	34,807	38,832
Bombay—						
Chests passed for export . .	18,821½	14,235	13,792	13,292	15,000	15,100
Rate of duty .	₹500&₹600	₹600	₹600	₹600	₹600	₹600

159. These figures have been discussed in paragraphs 113 and 138 above. The price of Bengal opium opened well at R1,457 in April: but it subsequently sagged in consequence of rumours as to the establishment of opium monopolies in China. In December and January it dropped to close on the budget figure of R1,250: but there was an improvement towards the end of the year, and the average price obtained has been R1,350. The revenue has thus exceeded the Budget estimate by 45·3 lakhs. A fine opium harvest in Malwa in the spring of 1907 has stimulated the exports from Bombay. Up to the end of February, 14,647 chests had passed the scales against 13,488 chests in the first 11 months of the previous year; and it is estimated that, for the whole year, 15,000 chests may be declared for export.

160. Now that the outcome of the negotiations with China is public knowledge, and that further curtailment of exports has been decided upon, a more stable price may be expected for Bengal opium. It would hardly be prudent however, in view of the constant unforeseen fluctuations in value, to assume a higher average than R1,300. The exports of Malwa opium will probably reach the permissible maximum during the calendar year 1908, as stocks are believed to be high; and under the new system, there will presumably be a tendency to a disproportionate activity of export during the earlier part of the year. Budget provision has therefore been made for 15,100 chests paying pass duty. The drop in expenditure is due to the steady contraction which is now being effected in the area under poppy in Bengal, and to the very poor outturn of the crop which has just been harvested.

SALT.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909. Budget.
REVENUE.						
Northern India (*a*)	1,69,35,310	1,48,51,309	1,46,41,087	1,05,50,000	1,10,97,000	1,15,50,000
Burma (*b*)	16,38,131	17,47,821	17,30,510	18,20,000	18,80,000	19,25,000
Eastern Bengal (*b*)	2,23,61,605	18,47,715	19,51,587	14,60,000	14,44,000	17,78,000
Bengal (*b*)		1,53,38,361	1,60,88,611	1,11,50,000	1,09,75,000	1,16,55,000
Madras (*a*)	1,95,38,005	1,57,89,722	1,43,38,019	1,21,00,000	1,23,31,000	1,11,00,000
Bombay (*a*)	1,98,48,469	1,60,71,215	1,66,90,777	1,22,70,000	1,23,26,000	1,30,25,000
TOTAL R	8,03,21,520	6,56,46,143	6,54,40,591	4,93,50,000	5,00,53,000	5,10,33,000
Equivalent in Sterling	5,354,768	4,376,410	4,362,706	3,290,000	3,336,900	3,402,200
CHARGES.						
India R	51,62,759	54,41,628	54,46,786	55,59,000	54,60,000	51,03,000
Equivalent in Sterling	344,184	362,775	363,119	370,600	364,000	340,200
England £	918	391	1,370	100	300	300
TOTAL £	345,102	363,166	364,489	370,700	364,300	340,500
Total consumption Mds.	3,93,78,000	4,07,29,000	4,30,86,000	4,34,00,000	4,42,89,000	4,71,92,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

161. The movements of the salt revenue during the current year were erratic. After the enormous run upon stocks which followed the reduction of duty in the last eleven days of March 1907, there was a comparative lull in the issues of salt: but the consumption rose steadily, as compared with previous years, until September, when there was a sharp set-back, probably owing to the untimely closing of the monsoon. There has been a noticeable recovery however since November, and it is estimated that the total issues for the year will be nearly 443 lakhs of maunds. The figures indicate how the consumption has been stimulated, even in a famine year, by the lower rate of taxation. For next year a further large increase is confidently expected, and the budget is based on issues of nearly 472 lakhs of maunds There is a corresponding rise in revenue everywhere except in Madras, where the current year's receipts include 59·09 lakhs received on account of salt sold in the previous year at the higher rate of duty (R1-8-0 per maund) under the credit system and are thus abnormal to the extent of 19·7 lakhs.

162. The reduction in charges is nominal, being due mainly to a readjustment of the proportions in which the cost of the joint establishment for salt, excise and customs in Madras is debited to these different heads.

STAMPS.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE.						
Court Fees and Plain Paper . . .	3,82,35,186	3,96,15,303	4,02,37,343	4,21,81,000	4,20,21,000	4,32,33,000
Commercial and other Stamps . . .	1,70,81,280	1,85,24,420	1,93,96,930	1,95,58,000	2,06,22,000	2,13,12,000
Other Revenue . .	7,58,970	7,55,734	8,14,342	7,75,000	8,87,000	8,80,000
TOTAL ₹	5,60,75,436	5,88,95,457	6,04,48,615	6,25,14,000	6,35,30,000	6,54,25,000
Equivalent in Sterling .	3,738,362	3,926,364	4,029,908	4,167,600	4,235,300	4,361,700
CHARGES.						
India . . ₹	12,34,918	12,95,424	12,89,498	13,24,000	13,61,000	13,92,000
Equivalent in Sterling .	82,328	86,362	85,966	88,200	90,700	92,800
England (Stores) £	38,763	41,802	100,300	103,000	105,000	120,000
TOTAL £	121,091	128,164	186,266	191,200	195,700	212,800

163. Except in Burma, where the budget estimate was high, and in Bombay where the resort to conciliation procedure is said to be affecting court-fees, the growth of stamp revenue has been general. For next year, a normal increase is counted upon except in the provinces affected by famine: in them, it is expected that the revenue will virtually be stationary.

EXCISE.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE.						
Burma	72,81,670	83,01,926	76,64,986	83,00,000	79,00,000	80,00,000
Assam	30,54,075	62,07,991	63,73,582	66,00,000	71,00,000	74,00,000
Eastern Bengal and Assam	1,67,90,284	1,52,58,297	1,60,81,392	1,68,00,000	1,70,00,000	1,75,00,000
United Provinces of Agra and Oudh	1,02,25,122	99,75,427	92,05,779	1,02,00,000	88,00,000	88,50,000
Madras	1,87,53,820	1,91,13,741	2,05,60,146	2,12,00,000	2,29,00,000	2,34,00,000
Bombay	1,39,63,271	1,42,67,667	1,48,36,335	1,55,00,000	1,60,50,000	1,65,00,000
Other Provinces	1,02,33,126	1,21,92,260	1,37,51,069	1,45,17,000	1,32,17,000	1,42,36,000
TOTAL R	8,03,01,368	8,53,17,309	8,84,73,289	9,31,17,000	9,29,67,000	9,58,86,000
Equivalent in Sterling	5,353,424	5,687,820	5,898,219	6,207,800	6,197,800	6,392,400
CHARGES.						
India R	36,22,103	38,71,724	41,17,933	47,22,000	44,12,000	57,81,000
Equivalent in Sterling	241,473	258,115	274,529	314,800	294,100	385,400
England £	841	1	80	100	100	100
TOTAL £	242,314	258,116	274,609	314,900	294,200	385,500

164. There has been a large increase in the current year's receipts in Madras, due mainly to a higher revenue from country spirits. On the other hand, there is a drop of 14½ lakhs in the Central Provinces, the result partly of ceasing to make advance collections from contractors, and partly of agricultural distress. The latter reason accounts for the big fall in the United Provinces; while the decrease in Burma is attributed chiefly to increased vigilance in restricting the sale of opium to the needs of the consumers. For next year a more moderate increase is taken than usual: famine will keep down the revenue in the United Provinces, and there are indications that the rapid improvement in Excise efficiency of recent years has brought the revenue up to a point from which the advance in future must necessarily be slower. The lapses in expenditure have occurred chiefly in Burma, where a provision of nearly 2 lakhs for revision of establishments could not be utilized during the year. Of the increased expenditure for next year, about 7 lakhs is nominal, representing a redistribution of the cost of the joint Salt, Excise and Customs Establishment in Madras: the balance is largely due to the strengthening of the preventive agencies which most provinces are now undertaking.

PROVINCIAL RATES.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE. R	1,55,49,795	1,43,04,951	77,50,070	79,01,000	78,58,000	79,89,000
Equivalent in Sterling	1,036,653	953,664	516,671	526,700	523,900	532,600
CHARGES R	84,256	93,301	66,279	57,000	86,000	93,000
Equivalent in Sterling	5,617	6,220	4,419	3,800	5,700	6,200

165. The only cess of any importance which is now brought into the general accounts is the Public Works Cess in Bengal and the districts of Eastern Bengal.

The only other large item included in the total is the amount which the Government of the United Provinces appropriates from the local rates for the payment of rural police in Agra. With a few petty exceptions, all the other rates and cesses which formerly appeared under this head are now credited to local funds, which are excluded from the general estimates and accounts of the Empire.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909. Budget.
IMPORTS.						
Special Import Duties.						
Arms, Ammunition, and Military Stores	4,16,977	4,10,419	4,45,734	4,25,000	5,50,000	5,50,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	2,88,410	3,12,123	3,08,967	3,20,000	3,80,000	6,00,000
Spirits and Liqueurs	76,58,678	90,31,671	77,97,711	93,00,000	92,20,000	95,00,000
Wines	3,73,964	3,96,632	3,83,569	4,00,000	4,00,000	4,00,000
Opium	3,567	3,400	3,437	3,000	5,000	5,000
Petroleum	45,88,496	36,64,737	37,77,333	37,00,000	45,50,000	46,00,000
Sugar (countervailing duties, 1899)	12,850	1,238	805	...	...	...
Do. (do., 1902)	8,614	666	399			
General Import Duties.						
Articles of Food and Drink (excluding Sugar)	18,16,188	19,15,004	19,86,187	20,50,000	24,60,000	25,00,000
Sugar (ordinary duties)	32,49,459	39,91,339	43,81,422	50,00,000	44,00,000	45,00,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials	13,90,125	14,48,517	15,22,261	15,00,000	18,50,000	18,50,000
Cotton Manufactures	1,21,69,967	1,32,88,994	1,29,13,509	1,35,00,000	1,50,50,000	1,50,00,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	41,11,942	29,33,851	40,79,320	37,00,000	50,50,000	43,00,000
Other Metals and Manufactures of Metals	34,63,26,	30,78,07,	34,51,152	35,00,000	44,50,000	43,00,000
Oils (excluding Petroleum)	96,220	1,23,624	1,84,180	1,85,000	2,70,000	3,00,000
Manufactured Articles	84,59,549	82,78,901	84,84,426	84,50,000	98,50,000	99,50,000
Raw Materials and Unmanufactured Articles	10,28,998	12,11,786	11,38,368	12,48,000	14,25,000	15,00,000
TOTAL IMPORTS	4,88,37,270	5,00,90,073	5,08,58,780	5,33,41,000	5,99,10,000	5,98,55,000
EXCISE DUTY ON COTTON GOODS	23,81,825	27,00,784	29,00,695	29,00,000	32,50,000	35,50,000
EXPORT DUTIES—						
Rice	1,31,85,757	1,15,11,233	1,05,31,920	1,17,50,000	1,02,50,000	1,05,00,000
LAND CUSTOMS AND MISCELLANEOUS	10,21,710	9,12,174	9,83,989	9,42,000	10,50,000	11,00,000
GRAND TOTAL ₹	6,54,26,562	6,52,20,264	6,52,75,384	6,89,33,000	7,44,60,000	7,50,05,000
Equivalent in Sterling	4,361,771	4,348,017	4,351,692	4,595,500	4,964,000	5,000,300
Charges ₹	26,83,465	27,30,322	29,98,434	31,11,000	30,73,000	33,16,000
Equivalent in Sterling	178,898	182,021	199,962	207,400	204,900	221,100
England £	348	438	222	100	600	100
TOTAL £	179,246	182,459	200,184	207,500	205,500	221,200

166. The import trade during the earlier part of the year was one of unprecedented activity: and the influence of famine has not yet made itself felt on the volume of business. There has been a large increase over the budget estimate in respect of petroleum, cotton manufactures and manufactured articles generally; the small set-back in consequence of the *swadeshi* movement last year not having been maintained. The great fall in the price of silver has stimulated the import of that metal, which has developed abnormal activity during the last few months of the year. On the other hand, the demand for rice in India on account of local scarcity has again deflected the export from Burma and reduced our revenue from that source. For 1908-1909, in view of the prevalence of famine, it would be imprudent to budget for any substantial increase upon the large receipts of the current year. There should be some improvement in consequence of the doubling of the duty on beer, and the steady development of the cotton-mill industry; but in most other respects the budget follows closely the revised estimate of 1907-1908. The rise in expenditure is due to improvements in the preventive arrangements at Rangoon and Calcutta, and to increased allowances, overtime and otherwise, at Bombay.

ASSESSED TAXES.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
Deduction by Government from Salaries, Pensions, and Interest payments . . .	43,93,912	45,44,157	47,41,425	47,90,000	48,41,000	49,20,000
Other Collections .	1,46,44,468	1,52,76,742	1,66,15,384	1,67,03,000	1,73,91,000	1,78,96,000
TOTAL ₹	1,90,38,380	1,98,20,899	2,13,56,809	2,14,93,000	2,22,32,000	2,28,16,000
Equivalent in Sterling	1,269,225	1,321,393	1,423,787	1,432,900	1,482,100	1,521,000
Charges . . ₹	3,15,129	3,37,766	3,57,418	3,65,000	3,64,000	3,83,000
Equivalent in Sterling .	21,008	22,518	23,828	24,300	24,300	25,500

167. In Bombay the estimate for the current year had not made sufficient allowance for the high profits in the mill industry, and has been exceeded by about 4½ lakhs: a further improvement has been anticipated in the figure for next year. In the famine provinces, the revenue is stationary for the time: but elsewhere the general activity of trade has led to an increase in the current year's actuals over the estimate, and justifies a further moderate development of the revenue in 1908-1909.

FOREST.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE.						
India . . ₹	2,40,29,950	2,66,74,593	2,64,99,020	2,83,35,000	2,61,15,000	2,76,81,000
Equivalent in Sterling .	1,601,997	1,778,306	1,766,601	1,889,000	1,741,000	1,845,400
England . . £	...	1,260	2,310	800	700	...
TOTAL £	1,601,997	1,779,566	1,768,911	1,889,800	1,741,700	1,845,400
EXPENDITURE.						
India . . . ₹	1,29,67,856	1,42,58,521	1,40,93,152	1,59,87,000	1,47,14,000	1,56,50,000
Equivalent in Sterling .	864,524	950,568	939,543	1,065,800	980,900	1,043,400
England . . £	4,614	4,250	9,323	5,100	4,700	6,900
TOTAL £	869,138	954,818	948,866	1,070,900	985,600	1,050,300
NET REVENUE £	732,859	824,748	820,045	818,900	756,100	795,100

168. The revenue has fluctuated considerably in different provinces. It has dropped heavily in the Andamans where it is always very unsteady. In Burma it has fallen short of the estimate by 18 lakhs, mainly owing to the curtailment of departmental operations and the working out of refuse teak in certain forests. In Madras, on the contrary, increased exploitation by departmental agency and a rise in the price of produce have raised the receipts by 4½ lakhs over the original estimate. For next year a moderate improvement is expected, chiefly in Burma, where a revival in prices is looked for. The cost of working the forests follows in a general way the movements of the revenue.

INTEREST RECEIPTS.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
India . . R	1,01,82,770	1,04,44,567	1,08,56,414	1,26,23,000	1,20,96,000	1,34,59,000
Equivalent in Sterling .	678,851	696,304	723,761	841,600	806,400	897,300
England . . £	160,471	237,877	248,432	109,400	174,400	117,300
TOTAL . £	839,322	934,181	972,193	951,000	980,800	1,014,600

169. The falling off under this head of revenue in the current year is only nominal. When the last budget was framed, an instalment of interest amounting to 5·96 lakhs was due from the Calcutta Port Commissioners; and provision was made for their paying the money in April 1907. Contrary to expectation, they paid it at the end of March, so that it appears in the figures for 1906-1907. In other respects the figures approximate closely to the original estimate: in the scarcity provinces the collections of interest on agricultural loans are weak, but on the other hand there have been higher recoveries of interest on overdrawals of capital by Railway Companies. This last mentioned reason will give a still further increase next year: but the main cause for the large rise in 1908-1909 is the expected recovery of an additional 10 lakhs or so on the heavy advances of takavi for famine purposes in the United Provinces. The variations in England depend on the extent to which the Secretary of State is in a position to make temporary investments of his cash balances, and on the interest which he obtains on them.

INTEREST EXPENDITURE.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
Interest on Debt—	R	R	R	R	R	R
India . .	4,27,92,544	4,39,17,978	4,54,96,632	4,67,00,000	4,66,25,000	4,77,00,000
Deduct charged to—						
Irrigation .	*1,52,28,363*	*1,56,21,842*	*1,24,26,488*	*1,68,44,000*	*1,31,70,000*	*1,38,19,000*
Railways .	*5,52,17,951*	*5,87,24,879*	*3,78,07,002*	*6,67,27,000*	*4,02,70,000*	*4,19,47,000*
Balance charged to Interest . .	—2,76,53,770	—3,04,28,743	—47,36,858	—3,68,71,000	— 68,15,000	—80,66,000
	£	£	£	£	£	£
Equivalent in Sterling	—1,843,585	—2,028,583	—315,791	—2,458,000	—454,400	—537,700
England . . .	3,045,165	2,983,370	1,735,503	3,020,900	1,752,100	1,758,700
TOTAL .	1,201,580	954,787	1,419,712	562,900	1,297,700	1,221,000
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1 .	305,787	312,028	348,359	359,500	357,500	368,300
Other items . .	137,773	141,664	147,813	142,000	144,100	145,500
GRAND TOTAL £ .	1,645,140	1,408,479	1,915,884	1,064,400	1,799,300	1,734,800
Debt outstanding, March 31—						
Sterling . . .	£ 132,887,191	£ 146,457,439	£ 147,518,634	£ 150,707,539	£ 157,782,734	£ 158,162,934
Rupee Debt—	R	R	R	R	R	R
4 per cent . .	4,35,61,525	4,15,06,325	4,03,06,325	3,91,04,325	3,91,06,325	3,79,01,325
3½ per cent . .	1,05,65,35,200	1,09,65,35,700	1,14,15,80,600	1,17,15,35,700	1,16,65,80,600	1,19,65,80,600
3 per cent . .	11,07,11,100	11,07,12,100	11,07,12,100	11,07,12,100	11,07,12,100	11,07,12,100
Other Debt . .	1,21,70,410	1,20,56,493	1,19,51,630	1,19,10,493	1,18,91,630	1,18,26,630
Savings Bank Balances	15,61,55,910	16,39,85,179	17,43,03,812	18,27,01,179	18,11,84,812	18,71,26,812

170. The statistics of interest on the public debt have to be read as a whole; the Indian and English figures for Railway, Irrigation and other (or non-productive) debt being amalgamated. They have been examined from this point of view in paragraphs 118 and 145; and the first half of the above table is merely indicative of the change of system under which a more adequate share of the interest charges is thrown upon the non-productive debt with effect from 1906-1907.

POST OFFICE.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE.						
India . . ₹	2,36,13,625	2,47,60,873	2,62,67,186	2,69,36,000	2,75,03,000	2,86,81,000
Equivalent in Sterling	1,574,241	1,650,724	1,751,146	1,795,700	1,833,500	1,912,100
EXPENDITURE.						
India . . ₹	1,99,43,357	2,12,91,381	2,31,03,709	2,44,21,000	2,48,38,000	2,63,85,000
Equivalent in Sterling	1,329,556	1,419,426	1,540,247	1,628,100	1,655,900	1,759,000
England . . £	153,034	121,334	62,686	61,700	61,200	56,600
TOTAL . £	1,482,590	1,540,760	1,602,933	1,689,800	1,717,100	1,815,600
TOTAL NET REVENUE £	91,651	109,964	148,213	105,900	146,400	96,500

171. The reduction in postal rates from last October has made very little impression on the steady progress of postal revenue; the increase over the current year's budget estimate being almost wholly on account of the sale of postage stamps. A further improvement under the same head and also in the receipts for Money Order commission is provided for next year. The excess of expenditure in the current year results mainly from the grant of compensation for the dearness of grain. The further increase next year is accounted for by certain new appointments (*vide* paragraph 151); by necessary improvements in the pay of the executive staff; by larger payments to railways and by subsidies for new postal routes.

TELEGRAPH.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE.						
Revenue Accounts—						
India . . ₹	1,34,06,813	1,35,40,107	1,41,66,341	1,47,59,000	1,48,77,000	1,54,93,000
Equivalent in Sterling	893,788	902,674	944,423	983,900	991,800	1,032,900
England . £	4,135	7,180	8,583	8,000	12,300	5,000
TOTAL . £	897,923	909,854	953,006	991,900	1,004,100	1,037,900
EXPENDITURE.						
Revenue Accounts—						
India . . ₹	90,93,488	96,96,237	1,05,43,702	1,10,79,000	1,14,88,000	1,17,73,000
Equivalent in Sterling	606,233	646,416	702,914	738,600	765,900	784,900
England . £	27,284	42,204	46,218	53,800	46,400	36,700
	633,517	688,620	749,132	792,400	812,300	821,600
Capital Expenditure—						
India . . ₹	15,48,646	16,86,904	16,04,592	12,88,000	12,87,000	16,35,000
Equivalent in Sterling	103,243	112,460	106,972	85,900	85,800	109,000
England . £	165,508	275,409	270,101	201,800	192,400	164,000
	268,751	387,869	377,073	287,700	278,200	273,000
TOTAL . £	902,268	1,076,489	1,126,205	1,080,100	1,090,500	1,094,600
TOTAL NET REVENUE £	—4,345	—166,635	—173,199	—88,200	—86,400	—56,700

172. The figures provide for the usual annual growth of business, and there is nothing to explain.

MINT.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
REVENUE.						
India . . ₹	30,95,454	48,17,052	62,91,969	36,79,000	65,70,000	40,82,000
Equivalent in Sterling . . £	206,364	321,137	419,465	245,300	438,000	272,100
England . £	46	46	33	...	...	...
TOTAL £	206,410	321,183	419,498	245,300	438,000	272,100
EXPENDITURE.						
India . . ₹	15,52,767	16,29,649	19,58,645	17,66,000	20,00,000	17,50,000
Equivalent in Sterling . . £	103,518	108,643	130,577	117,700	133,300	116,700
England . £	14,359	11,436	36,321	33,100	32,200	31,000
TOTAL £	117,877	120,079	166,898	150,800	165,500	147,700
TOTAL NET REVENUE £	88,533	201,104	252,600	94,500	272,500	124,400

173. The decline in exports and the marked slackening of the demand for rupees led to the curtailment and ultimate cessation of the coinage of rupees in the latter part of the year: but the heavy output in the earlier months served to bring the receipts from seignorage nearly 3 lakhs above the original estimate. Famine brought an extraordinary demand for bronze coinage, which is now being worked almost entirely to the exclusion of silver; and the profits on the outturn have risen by 10 lakhs as compared with the Budget Estimate. The profits on the nickel one-anna piece, of which the issue began in August 1907, are expected to amount to 16 lakhs against the tentative provision of only 2 lakhs made under this head in the Budget. For 1908-1909 the figures are based on the assumption that the rupee coinage will be very much less than it was in the current year; that the rush on bronze will cease when the monsoon is established; and that the new nickel coin will be in moderate request. There is a corresponding reduction in the charges for labour and overtime allowances at both Mints.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
INDIA.	₹	₹	₹	₹	₹	₹
General Administration	1,68,54,438	1,83,08,239	1,86,72,411	1,87,16,000	1,92,72,000	1,94,45,000
Law and Justice. Courts	3,50,66,466	3,61,43,989	3,81,00,453	3,79,39,000	3,86,83,000	3,89,24,000
Law and Justice. Jails	1,05,97,957	1,19,00,946	1,26,45,210	1,23,61,000	1,29,07,000	1,30,40,000
Police	4,29,04,677	4,59,09,698	5,29,95,067	5,69,15,000	5,67,40,000	6,12,69,000
Ports and Pilotage	30,46,546	23,65,841	24,14,142	28,18,000	28,23,000	30,64,000
Education	1,47,28,654	1,82,73,075	2,01,36,373	2,17,25,000	2,16,28,000	2,43,67,000
Ecclesiastical	18,09,727	18,16,331	18,82,920	19,73,000	18,71,000	19,35,000
Medical	1,05,24,023	1,12,72,681	1,20,57,009	1,25,26,000	1,25,71,000	1,66,99,000
Political	1,17,93,498	1,40,68,500	1,58,43,710	1,39,81,000	1,21,39,000	1,32,27,000
Scientific and Minor Departments	70,00,306	86,69,751	95,44,088	1,08,08,000	1,04,64,000	1,14,31,000
TOTAL INDIA	15,43,26,292	16,87,29,051	18,42,91,383	18,97,62,000	18,90,98,000	20,34,01,000
Equivalent in Sterling	£ 10,288,419	£ 11,248,604	£ 12,286,092	£ 12,650,800	£ 12,606,500	£ 13,560,100
ENGLAND.						
General Administration	272,236	290,342	280,008	333,600	337,600	378,100
Other heads	51,994	68,757	80,258	95,200	98,000	99,100
TOTAL ENGLAND	324,230	359,099	360,266	428,800	435,600	477,200
TOTAL INDIA AND ENGLAND	10,612,649	11,607,703	12,646,358	13,079,600	13,042,100	14,037,300

174. The chief reasons for the difference between the budget provision for 1907-1908 and the revised estimate are:—*Increases*: the appointment of an Inspector General of Excise and Salt; minor re-organizations in judicial and magisterial establishments; larger fees to pleaders in Government cases; grain compensation allowances to petty employés; increased cost of dietary in jails; and special grants for plague expenditure to municipalities in the United Provinces: *Decreases*: the failure of most provinces except Bengal and Bombay to use their full allotments for police reform; the lapse of about 2 lakhs of special grants for agricultural and similar purposes in Bombay; and the probability that His Majesty the Amir will draw only about 15 lakhs from his subsidy account against the 35½ lakhs provided in the budget. In 1908-1909 a considerably enhanced provision is made for pushing on the police re-organization in every province. The increased educational expenditure occurs chiefly in the United Provinces where it is proposed to take over all English schools from District Boards and simultaneously to give large grants to those bodies for primary education; but in other provinces also, the similar grants which formerly appeared as contributions from Provincial to Local have now been brought under this head owing to the abolition of the local column in the accounts. The provision for agricultural development is raised in most provinces: the Amir's subsidy drawings are taken at 25 lakhs against 15 lakhs this year; and the expenditure on sanitation is increased by the amount of the special Imperial grant for that purpose. Minor differences are due to strengthening the petty court establishments in the Central Provinces and to the purchase of a new Hooghly pilot steamer in Bengal.

MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
INDIA.						
	₹	₹	₹	₹	₹	₹
Territorial and Political Pensions	35,65,635	35,33,235	33,77,795	34,11,000	34,48,000	33,81,000
Civil Furlough and Absentee Allowances	778	3,196	4,686	6,000	5,000	5,000
Superannuation Allowances and Pensions	1,31,68,968	1,36,65,907	1,41,42,143	1,47,80,000	1,47,33,000	1,54,31,000
Stationery and Printing	69,08,459	68,51,426	79,30,088	80,52,000	88,91,000	83,30,000
Miscellaneous	59,22,600	74,33,605	62,56,856	66,46,000	69,15,000	44,07,000
TOTAL INDIA	2,95,66,440	3,14,87,369	3,17,11,568	3,28,95,000	3,39,92,000	3,13,54,000
	£	£	£	£	£	£
Equivalent in Sterling	1,971,096	2,099,158	2,114,105	2,193,000	2,266,100	2,090,200
ENGLAND.						
Civil Furlough and Absentee Allowances	211,338	226,859	243,015	312,000	339,000	337,500
Superannuation Allowances and Pensions	1,999,664	1,999,157	2,004,949	2,021,500	2,024,000	2,043,500
Other Heads	179,460	122,734	145,180	142,900	198,700	148,800
TOTAL ENGLAND	2,390,462	2,348,750	2,393,144	2,476,400	2,561,700	2,529,800
TOTAL INDIA AND ENGLAND	4,361,558	4,447,908	4,507,249	4,669,400	4,827,800	4,620,000

175. There has been a general excess over the estimate for stationery and printing requirements in all provinces, particularly Bengal; this has also affected the purchase of stores in England. A reversion to more normal conditions is anticipated for next year. Under the head Miscellaneous, the drop in the Budget figure for 1908-1909 is mainly formal. In the recasting of the figures for previous years which has been necessitated by the exclusion of the Local column, it was found impossible in two provinces to classify with precision the purposes for which certain large contributions to District Boards have hitherto been given: they have accordingly been entered as miscellaneous debits in the provincial accounts.

FAMINE RELIEF AND INSURANCE.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
Famine Relief . .	31,309	20,52,269	47,61,866	9,01,000	77,39,000	1,32,07,000
Construction of Protective Railways . .	17,37,182	8,29,171	51,626	35,000	1,28,000	11,000
Construction of Protective Irrigation Works	32,25,200	44,48,593	53,46,902	70,00,000	61,13,000	60,00,000
Reduction or Avoidance of Debt . .	1,00,06,451	76,83,928	49,85,746	70,61,000	37,50,000	37,50,000
TOTAL R	1,50,00,142	1,50,13,961	1,51,46,140	1,49,97,000	1,77,30,000	2,29,68,000
Equivalent in Sterling £	1,000,009	1,000,930	1,009,743	999,800	1,182,000	1,531,200

176. The grant of 1½ crores which is provided in normal years under this head has hitherto been earmarked, in the first place, for famine relief if necessary; and in the second place, for protective railway and canal works up to a maximum of 75 lakhs; any balance that remained being made available for capital expenditure which would otherwise have had to be met from borrowed funds. In the present year, a special charge upon the grant has been created by the arrangements for building up provincial credits for famine expenditure which are described in paragraphs 48—56 of the Financial Statement for 1907-08. The 37½ lakhs which are assigned to Local Governments under that scheme, are debited to this grant, whether the other claims upon it leave any balance or not. During the current year, the cost of famine relief is expected to be 2½ lakhs in the Central Provinces, 6 in Bengal, 67½ in the United Provinces and less than a lakh in Bombay and the Punjab. No financial restrictions have been placed on the programme of protective works for which budget provision was made before there was any indication of famine, the shortage of expenditure being the result purely of administrative difficulties in pushing on the works. The aggregate result is a large excess over the normal total of 150 lakhs. For the next year, this excess will be still larger, as the direct famine expenditure is taken at 10 lakhs in the Central Provinces, 10 in Bengal, 100 in the United Provinces, 3 in the Punjab, 2½ in Madras and 5 in Bombay; while a liberal provision of 60 lakhs has been made for protective irrigation works which either could not be postponed without waste or are likely to be useful as providing labour in distressed areas.

RAILWAY REVENUE ACCOUNTS.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
	₹	₹	₹	₹	₹	₹
STATE RAILWAYS—						
Gross Receipts .	34,29,57,820	35,38,43,684	38,67,16,172	40,12,43,000	41,14,13,000	43,60,93,000
Working Expenses .	16,91,40,199	16,91,79,006	19,28,39,166	19,74,61,000	21,53,62,000	22,43,95,000
Net Receipts .	17,38,17,621	18,46,64,678	19,38,77,006	20,37,82,000	19,60,51,000	21,16,98,000
	£	£	£	£	£	£
Net Revenue equivalent at ₹15 = £1 .	11,587,841	12,310,978	12,925,133	13,585,400	13,070,100	14,113,200
Surplus Profits payable to Companies, Interest and other Charges—						
India converted at ₹15 = £1 .	3,706,646	4,307,692	2,956,708	4,920,800	3,190,700	3,334,200
England . .	5,624,051	5,735,338	7,415,286	6,278,800	7,536,800	8,303,400
Net Result . .	2,257,144	2,267,948	2,553,139	2,385,800	2,342,600	2,475,600
GUARANTEED RAILWAYS—						
Net Traffic Receipts converted at ₹15 = £1 . . .	1,074,814	921,975	398,801	410,000	225,300	...
Surplus Profits payable to Companies, Interest and other Charges—						
India converted at ₹15 = £1 .	138,593	128,913	41,702	36,500	23,500	...
England . .	1,045,143	1,038,620	584,751	581,800	576,600	...
Net Result .	—108,922	—245,558	—227,652	—208,300	—374,800	...
Other Receipts .	47,314	42,628	56,189	60,300	58,700	52,300
Other Charges .	97,948	71,192	74,003	96,400	98,400	121,400
Net Result .	—50,634	—28,564	—17,814	—36,100	—39,700	—69,100
TOTAL NET RESULT .	2,097,588	1,993,826	2,307,673	2,141,400	1,928,100	2,406,500
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government .	127,302,433	148,270,119	156,199,185	166,778,152	164,512,985	169,161,785
Expenditure by Companies .	41,614,265	41,887,721	43,375,393	45,043,421	45,494,093	46,938,993
Outlay on the East Indian Railway from Debentures raised by the Company . .	6,194,127	7,572,122	7,572,122	9,822,122	9,469,222	11,869,222
Outlay on the South Indian Railway by the Company .	1,401,250	1,511,250	1,511,250	1,511,250	1,510,050	1,510,050
Outlay on the Bombay, Baroda and Central India Railway by the Company . .	...	...	...	400,000	...	500,000
Outlay on the Great Indian Peninsula Railway by the Company . .	...	...	...	...	...	1,000,000
TOTAL .	176,512,075	199,241,212	208,657,950	217,554,945	220,986,350	230,980,050
Miles open on April 1 . .	20,641	20,227	21,441	22,183	21,962	23,594
Guaranteed Railways—						
Miles open on April 1 . .	1,408	1408	904	904	905	...

177. These figures have been examined and explained in Sections II and III. In the following table, a comparison is given, for the Railway Revenue Account as a whole, between the Budget figures for next year and the Budget and Revised figures of the current year.

	In hundreds of pounds sterling.			In thousands of Rupees.		
	1907-1908.		1908-1909.	1907-1908.		1908-1909.
	Budget.	Revised.	Budget.	Budget.	Revised.	Budget.
	£	£	£	₹	₹	₹
Gross Receipts including net receipts of Guaranteed Railways, and repayments of advances of interest by Subsidised Companies	27,219,800	27,711,500	29,125,200	40,82,97	41,56,72	43,68,78
Working Expenses	13,164,100	14,357,400	14,959,700	19,74,61	21,53,62	22,43,95
Interest, Annuities, Surplus profits payable to Companies, etc.	11,817,900	11,327,600	11,637,600	17,72,69	16,99,13	17,45,64
Miscellaneous Charges	96,400	98,400	121,400	14,46	14,76	18,21
Net Receipts	2,141,400	1,928,100	2,406,500	3,21,21	2,89,21	3,60,98

IRRIGATION.

Irrigation.	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908.		1908-1909. Budget.
				Budget.	Revised.	
Major Works.	₹	₹	₹	₹	₹	₹
Revenue — Direct Receipts	2,99,14,971	2,80,37,332	3,51,33,476	3,32,88,000	3,27,20,000	3,53,60,000
Revenue — Land Revenue	1,33,98,743	1,45,31,687	1,51,04,710	1,54,76,000	1,54,77,000	1,60,99,000
Expenditure — Working Expenses	1,31,29,212	1,34,67,347	1,41,69,487	1,39,82,000	1,47,74,000	1,46,46,000
Expenditure — Interest	1,52,28,363	1,56,21,842	1,24,26,488	1,68,44,000	1,31,70,000	1,38,19,000
Net Revenue in India ₹	1,49,56,139	1,34,79,830	2,36,42,211	1,79,38,000	2,02,53,000	2,29,94,000
Equivalent in Sterling £	997,076	898,656	1,576,147	1,195,900	1,350,200	1,533,000
Expenditure: England £	...	...	106,798	...	109,600	111,400
Net Revenue £	997,076	898,656	1,469,349	1,195,900	1,240,600	1,421,600
Minor Works.						
Receipts—Direct	26,86,498	24,70,095	27,55,575	25,49,000	35,23,000	31,45,000
Expenditure	1,33,92,471	1,40,60,016	1,28,53,470	1,44,86,000	1,29,13,000	1,36,31,000
Net Expenditure ₹	1,07,05,973	1,15,89,921	1,00,97,895	1,19,37,000	93,90,000	1,04,86,000
Equivalent in Sterling £	713,731	772,661	673,193	795,800	626,000	699,100
Statistics of Major Works.						
Capital Outlay to March 31 ₹	38,70,76,454	39,97,32,861	41,64,72,915	43,54,62,915	44,02,26,508	46,09,76,502
Equivalent in Sterling £	25,805,097	26,648,857	27,764,861	29,030,861	29,348,434	30,731,767

178. The figure of receipts estimated for 1907-1908 was well worked up to in every province except the Punjab, where revenue was lost on the Lower Chenab and the Lower Jhelum Canals in consequence of a bad wheat crop in 1906-1907: special remissions too had to be given owing to labour not being available to reap the crops in certain districts depopulated by famine. The other variations as between Revised and Budget 1907-1908 are nearly all of a formal character. In the first place, the share of Interest charges that is thrown on the Irrigation accounts has been reduced with effect from 1906-1907, as explained elsewhere in this statement, and distributed between England

and India; secondly, the direct receipts from Minor Works have received a credit of 8·8 lakhs in Burma by transfer from the Land Revenue head (*vide* paragraph 112); and thirdly, certain small irrigation works in Madras and the United Provinces have been moved from the Minor to the Major category with effect from the 1st April 1907. For next year the absence of the influences which adversely affected the Punjab Canals in 1907-1908, should allow for an improvement of over 22 lakhs in that province; and the demand for water in a dry *rabi* season in the United Provinces has suggested the bulk of the rest of the improvement in receipts.

OTHER PUBLIC WORKS.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
EXPENDITURE.	₹	₹	₹	₹	₹	₹
India—						
Construction of Railways charged to Provincial Revenues	437	1,014	13,432	4,000	17,000	4,000
Civil Works, Imperial	1,04,48,187	1,08,23,843	98,05,718	1,09,65,000	1,07,89,000	1,09,85,000
Civil Works, Provincial . . .	4,12,55,416	5,10,29,268	5,45,42,760	5,66,16,000	5,83,54,000	5,49,05,000
TOTAL INDIA .	5,17,04,040	6,18,54,125	6,43,61,910	6,75,85,000	6,91,60,000	6,58,94,000
	£	£	£	£	£	£
Equivalent in Sterling .	3,446,936	4,123,608	4,290,794	4,505,700	4,610,600	4,392,900
England—						
Civil Works . £	73,882	75,023	68,758	57,200	68,700	60,900
TOTAL EXPENDITURE £	3,520,818	4,198,631	4,359,552	4,562,900	4,679,300	4,453,800
RECEIPTS.	₹	₹	₹	₹	₹	₹
India . . ₹	34,23,781	35,27,491	39,65,811	36,47,000	37,90,000	36,68,000
	£	£	£	£	£	£
Equivalent in Sterling	228,252	235,166	264,387	243,100	252,700	244,500
England . . £	26,229	19,338	23,476	...	1,600	...
TOTAL RECEIPTS £	254,481	254,504	287,863	243,100	254,300	244,500

179. The provinces which have most notably exceeded their Civil Works grants are the Central Provinces, Burma and Bombay; there have been savings, on the other hand, in the United Provinces, Punjab and Madras. In the Central Provinces the cost of taking over tools and stores from the Warora Colliery, and the expansion of the ordinary programme in distressed districts, were the chief reasons for over-spending: in Burma and Bombay, lapses under other heads of expenditure were freely utilized for pushing on public works. The saving in Madras was mainly due to the postponement of a number of water supply and drainage schemes: in the United Provinces and Punjab it was an intentional contribution to the cost of famine.

MILITARY SERVICES.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
EXPENDITURE—						
INDIA—		₹	₹	₹	₹	₹
Army	21,15,87,755	21,15,01,656	21,20,86,585	21,89,03,000	21,11,64,000	21,56,01,000
Marine	45,20,689	40,98,980	41,33,693	35,99,000	36,89,000	36,97,000
Military Works	1,39,79,372	1,57,00,574	1,60,28,916	1,84,82,000	1,60,00,000	1,74,46,000
Special Defences	5,38,613	11,28,782	14,11,302	18,85,000	14,35,000	4,55,000
TOTAL INDIA	23,06,26,449	23,24,29,992	23,36,60,496	24,28,69,000	23,22,88,000	23,71,99,000
	£	£	£	£	£	£
Equivalent in Sterling	15,375,096	15,495,333	15,577,365	16,191,300	15,485,900	15,813,300
ENGLAND.						
Army	6,069,843	5,167,020	5,518,740	4,757,400	4,677,000	4,599,100
Marine	319,410	277,805	386,789	283,400	267,600	226,800
Military Works	49,641	48,199	58,921	27,000	67,500	36,100
Special Defences	92,387	71,054	44,271	20,000	22,500	79,100
TOTAL ENGLAND	6,531,281	5,564,078	6,008,721	5,087,800	5,034,600	4,941,100
TOTAL EXPENDITURE	21,906,377	21,059,411	21,586,086	21,279,100	20,520,500	20,754,400
RECEIPTS.						
INDIA—	₹	₹	₹	₹	₹	₹
Army	91,02,271	99,30,824	1,11,83,628	1,01,05,000	94,66,000	75,51,000
Marine	29,96,859	19,93,297	22,21,896	10,53,000	12,26,000	11,82,000
Military Works	6,81,931	7,39,582	7,64,984	7,32,000	8,50,000	8,50,000
TOTAL INDIA	1,27,81,061	1,26,63,703	1,41,70,508	1,18,90,000	1,15,42,000	95,83,000
	£	£	£	£	£	£
Equivalent in Sterling	852,071	844,247	944,700	792,700	769,500	638,900
ENGLAND.						
Army	354,113	527,641	471,994	390,100	377,100	377,800
Marine	4,000	10,884	49	...	...	...
Military Works	...	...	...	...	...	...
TOTAL ENGLAND	358,113	538,525	472,043	390,100	377,100	377,800
TOTAL RECEIPTS	1,210,184	1,382,772	1,416,743	1,182,800	1,146,600	1,016,700

180. The figures in this and in the following table are fully explained by the Joint Secretary, Military Finance, in Appendix II.

ARMY.

	Accounts, 1904-1905.	Accounts, 1905-1906.	Accounts, 1906-1907.	1907-1908. Budget.	1907-1908. Revised.	1908-1909, Budget.
EXPENDITURE.						
INDIA—						
Effective Services—	₹	₹	₹	₹	₹	₹
Regimental Pay and Allowances.	9,81,48,328	10,20,30,717	10,36,04,555	10,73,85,000	10,36,40,000	10,76,87,000
Supply and Transport . . .	4,23,40,078	4,49,48,266	4,86,53,123	4,91,45,000	4,76,10,000	4,82,82,000
Ordnance . .	1,17,88,401	1,26,01,944	1,30,25,660	1,50,30,000	1,36,46,000	1,36,19,000
Other Heads . .	4,30,63,249	3,47,43,022	3,66,86,282	3,69,96,000	3,63,08,000	3,58,22,000
	19,53,40,056	19,43,23,949	20,19,69,620	20,87,56,000	20,12,04,000	20,54,10,000
Non-effective Services	1,00,80,632	1,02,95,803	1,01,16,965	1,01,47,000	99,60,000	1,01,91,000
Reorganisation .	61,67,087	68,81,904	...	...	...	...
TOTAL INDIA .	21,15,87,775	21,15,01,656	21,20,86,585	21,89,03,000	21,11,64,000	21,56,01,000
	£	£	£	£	£	£
Equivalent in Sterling .	14,105,851	14,100,110	14,139,105	14,593,500	14,077,600	14,373,400
ENGLAND—						
Effective Services—						
Payments to War Office in respect of British Forces serving in India.	644,552	565,720	654,187	667,500	631,000	670,000
Furlough Allowances and Pay during Voyage of British Forces	124,465	129,263	144,253	129,000	142,900	141,000
Furlough Allowances of Officers of the Indian Service . .	269,603	292,877	313,521	300,000	340,000	320,000
Indian Troop Service . .	370,944	313,810	361,715	355,500	334,000	333,600
Other Heads .	64,971	50,915	46,193	49,400	116,700	52,500
Stores for India—						
Clothing . .	212,903	192,966	202,055	256,200	220,300	234,100
Ordnance and Miscellaneous.	1,142,545	433,277	1,264,531	425,100	344,100	267,300
Other Heads .	116,142	87,837	106,445	112,700	94,300	111,600
	2,946,125	2,066,665	3,092,900	2,295,400	2,223,300	2,130,100
Non-effective Services—						
Payments to War Office for Retired Pay, etc., of British Forces for services in India.	729,685	715,283	772,680	807,000	816,700	841,000
Pay and Pensions in respect of the Indian Service .	1,543,153	1,515,868	1,499,954	1,500,000	1,475,000	1,465,000
Other Heads .	164,584	153,637	153,206	155,000	162,000	163,000
	2,437,352	2,384,788	2,425,840	2,462,000	2,453,700	2,469,000
Reorganisation—						
Stores for India.	686,366	715,567	...	...	...	...
TOTAL ENGLAND £	6,069,843	5,167,020	5,518,740	4,757,400	4,677,000	4,599,100
TOTAL EXPENDITURE £	20,175,694	19,267,130	19,657,845	19,350,900	18,754,600	18,972,500
RECEIPTS.	₹	₹	₹	₹	₹	₹
India . . ₹	91,02,271	99,30,824	1,11,83,628	1,01,05,000	94,66,000	75,51,000
	£	£	£	£	£	£
Equivalent in Sterling	606,818	662,055	745,575	673,700	631,100	503,400
England . . £	354,113	527,641	471,994	390,100	377,100	377,800
TOTAL RECEIPTS £	960,931	1,189,696	1,217,569	1,063,800	1,008,200	881,200

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

181. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at R15,00,00,000 in 1907-1908, the Budget grant of 13½ crores having been increased by 1½ crores as explained in paragraph 74. There was a lapse of about 114 lakhs of rupees from the amount placed at the disposal of the Secretary of State, but this lapse has been counterbalanced by increased grants for expenditure in India. *Capital outlay on Railway in 1907-1908 and 1908-1909.*

182. For 1908-1909 the programme of capital outlay on Railway Construction has been placed at R15,00,00,000.

183. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1906-1907 to 1908-1909 is as follows:— *Distribution of expenditure proposed.*

	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
Expenditure in England.	£	£	£
1. State Lines	2,551,691	2,264,800	3,065,000
2. Old Guaranteed Railways	354,543	458,100	...
3. Extensions of ditto	9	...	...
4. Other Guaranteed or Assisted Railways	909,440	1,569,000	1,646,800
TOTAL	3,815,683	4,291,900	4,711,800
Equivalent in rupees of Expenditure in England.	R	R	R
1. State Lines	3,82,75,360	3,39,72,000	4,59,75,000
2. Old Guaranteed Railways at contract rates	38,68,564	49,97,000	...
3. Extensions of ditto at prescribed rates	127	...	...
4. Other Guaranteed or Assisted Railways at contract rates	1,36,41,604	2,35,35,000	2,47,02,000
TOTAL	5,57,85,655	6,25,04,000	7,06,77,000
Expenditure in India.			
1. State Lines	8,04,50,245	8,98,36,000	8,23,52,000
2. Old Guaranteed Railways	—*17,92,803*	—*1,16,80,000*	...
3. Extensions of ditto	—*1,630*	5,54,000	...
4. Other Guaranteed or Assisted Railways	93,74,994	82,43,000	—*30,59,000*
5. Branch lines on firm guarantee	5,408	3,000	30,000
6. Local Boards' Lines	9,39,723	5,40,000	...
TOTAL INDIA	8,89,75,937	8,74,96,000	7,93,23,000
TOTAL OF PROGRAMME IN RUPEES	14,47,61,592	15,00,00,000	15,00,00,000
DITTO IN £ STERLING AT R15 TO THE £	9,650,773	10,000,000	10,000,000

184. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee. Including this expenditure, and also some small expenditure from Provincial Revenues, the total outlay on Railway Construction in the three years is as follows:— *Total outlay on Railways including expenditure by Branch Line Companies and on Protective Lines, etc.*

	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	R	R	R
Total as in preceding table	14,47,61,592	15,00,00,000	15,00,00,000
Famine Protective lines	51,626	1,28,000	11,000
Branch lines not on firm guarantee	5,99,868	2,61,000	2,54,000
Provincial State line	13,432	17,000	4,000
GRAND TOTAL IN RUPEES	14,54,26,518	15,04,06,000	15,02,69,000
DITTO IN £ STERLING AT R15 TO THE £	9,695,101	10,027,100	10,017,900

185. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1907-1908 and 1908-1909, will be found in Statement A of Appendix III, furnished by the Railway Board.

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

186. The figures are —

	Accounts, 1906-1907.	Budget, 1907-1908.	Revised, 1907-1908.	Budget, 1908-1909.
Total in Rupees	1,19,64,406	1,25,00,000	1,30,00,000	1,50,00,000
Equivalent in Sterling	797,627	833,300	866,700	1,000,000

Capital outlay on Productive Irrigation Works.

The heavy outlay which is being incurred on a number of large irrigation schemes, especially in the Punjab, is likely to lead to a small excess of 5 lakhs over the Budget grants for 1907-1908 under this head. The Budget grant for 1908-1909 has been fixed at R1,50,00,000, as it appears probable from the progress of expenditure in recent years that the increased allotment will be usefully employed.

Details.

187. The following table shows the projects included in the programme of 1907-1908 as now revised and in that of 1908-1909, and the amount to be spent on each :—

Name of project.	Expenditure in 1907-1908.	Expenditure in 1908-1909.
Canals in operation—	R	R
Mandalay Canal	16,000	32,000
Shwebo „	2,84,000	3,33,000
Ganges „	1,45,000	4,45,000
Lower Ganges Canal	2,74,000	2,39,000
Fatehpur Branch, Lower Ganges Canal	57,000	52,000
Agra Canal	3,65,000	3,29,000
Eastern Jumna Canal	49,000	85,000
Western „ „	23,000	30,000
Upper Bari Doab „	5,35,000	1,50,000
Sirhind Canal	62,000	56,000
Lower Chenab Canal	31,000	4,00,000
Lower Jhelum „	4,60,000	3,00,000
Indus Inundation Canals	2,91,000	2,00,000
Godavari Delta	39,000	39,000
Kistna „	35,000	35,000
Cauvery „	76,000	76,000
Periyar Project	65,000	65,000
Canals under construction—		
Mon Canals	8,00,000	6,61,000
Ye-u Canal	16,000	1,74,000
Upper Chenab Canal	39,88,000	40,00,000
Upper Jhelum „	26,00,000	30,00,000
Lower Bari Doab Canal	6,03,000	17,50,000
Paharpur Inundation Canal	1,00,000	2,50,000
Upper Swat River Canal	6,00,000	10,00,000
Nagavalli River project	4,00,000	3,00,000
Divi Island project	4,00,000	3,00,000
Other Projects	6,86,000	6,99,000
TOTAL R	1,30,00,000	1,50,00,000
Equivalent in Sterling £	866,700	1,000,000

Section VI.—Provincial Finance.

Revision of the Madras and United Provinces Settlements.

188. When the scheme of *quasi*-permanent provincial settlements was introduced, as explained in section VI of the Financial Statement for 1904-1905, Madras and the United Provinces were two of the first provinces to come under the new arrangements. This priority has had its disadvantages, as the provinces whose settlements have been revised more recently have obtained, in some respects, more favourable terms. In the earlier *quasi*-permanent settlements, the prevailing practice was to treat as Imperial three-fourths of the divided heads of revenue and of the corresponding heads of expenditure: certain exceptions were made which are detailed in paragraph 215 of the Financial Statement for 1904-1905, but which are not of sufficient importance to call for repetition. In Madras and the United Provinces, this method of division was a feature of the settlements which have remained in force up to the current year. In the settlements, however, which were more recently concluded, such as those of Bombay and the Central Provinces, the Government of India were able to raise the Provincial shares of revenue to one-half under all the divided heads and to make one of them, Registration, wholly Provincial. Again, when the Bengal and Assam settlements were revised in consequence of the formation of the new Province of Eastern Bengal and Assam, the new settlements were modelled on the latest principles. Madras and the United Provinces were therefore the only provinces which remained under the old and less liberal terms. Another defect in their existing arrangements is that their fixed assignments are now disproportionate to the rest of their revenues. The growth in the last four years of the grants from Imperial revenues in compensation for remitted taxes, in aid of District Boards, for the furtherance of education, and the like, has left the two provinces with an unduly high proportion of their resources as a fixed allotment, so that they do not progress *pari passu* with the needs of the provincial administration. For these reasons it was found desirable to modify the Madras and the United Provinces Settlements of 1904 on the following lines.

Madras.—The province has now been given a one-half share of all the principal heads of revenue which are ordinarily divided between Imperial and Provincial; Registration, however, continuing wholly Provincial. It has also been given a half share in the direct receipts from Major Irrigation, which formerly were wholly Imperial. The corresponding expenditure heads have been treated in the same way, with the exception of Land Revenue, which is now a purely Provincial head in all settlements. Applied to the Budget figures of the province for 1907-1908, these re-adjustments would have given Madras an increase of R77,86,000 in revenue, against an increased expenditure of R36,03,000. After allowing for an increase of R19,26,000, the bulk of which is on account of Police reorganisation and projects of tank restoration (for which an Imperial subvention of 5 lakhs was promised), a surplus of R22,57,000 would have been left; and this figure will accordingly be taken as a fixed assignment from Provincial to Imperial through the Land Revenue head. Madras is therefore in the fortunate position of having all its revenue in the shape of growing revenues. A minimum receipt of R308 lakhs from Land Revenue is guaranteed to the provincial account.

United Provinces.—The Provincial shares of the divided heads of revenue have been fixed on the same basis as in the case of Madras, except that the Provincial share of Land Revenue will be $\frac{3}{8}$ths (save as regards some minor receipts which will be wholly Provincial) instead of one-half, and that direct receipts from Major Irrigation Works will be wholly Provincial, as heretofore. It is proposed to guarantee a minimum receipt of 240 lakhs from the divided portion of Land Revenue, and a minimum receipt of 60 lakhs from Major Irrigation Works net (direct receipts *minus* working expenses); and to give Provincial revenues a fixed assignment of R13,89,000. The Budget for 1908-1909 has been prepared on these terms: but they are only provisional at present, as they have still to receive the sanction of His Majesty's Secretary of State for India.

In neither case does the settlement take into account the allotments made last year in connection with the scheme for distributing the incidence of famine relief expenditure, as it is desirable to emphasise the special character of that

arrangement and not to allow it to merge in the ordinary settlement terms. Moreover, in the absence of famine, the annual allotment will cease when the reserve at the credit of the province has reached its maximum limit.

Provincial guarantees.

189. The shortage of the autumn rainfall in 1907, and the consequent loss of revenue, have brought into operation the guarantee clauses in some of the Provincial settlements. To bring up to the guaranteed minimum the Provincial share of Land Revenue in the current year, assignments of R9,25,000 and R1,12,000 have been made to Bombay and the Central Provinces, respectively, while in the Punjab an assignment of R5,75,000 has been found necessary to make good the minimum Provincial share of Irrigation receipts. In the United Provinces an assignment of R6,47,000 has been made in the Budget to cover the difference between the Provincial share of the actual Land Revenue collections and the 240 lakhs which it is proposed to guarantee under the new settlement.

Special grants to the United Provinces.

190. The demands of famine upon the resources of the United Provinces have necessitated special measures to prevent the accounts from closing, both this year and next, with a minus balance. It has been decided to close the Provincial section of the accounts with a credit balance of 20 lakhs (the prescribed minimum) in 1907-1908, and at equilibrium in 1908-1909. Assignments of R32,72,000 and R14,82,000 have consequently been made in the two years respectively.

Grants for Police reforms and Sanitation.

191. The progress of police reforms in the different provinces involves further drafts on the assistance which the Government of India promised to give towards carrying out the reorganization recommended by the Police Commission. As stated last year, the full grant admissible to Burma has been allotted to it under the terms of its new settlement. A similar arrangement has now been effected with Madras and the United Provinces. The grants already made to the Punjab virtually cover the cost of the reform schemes for that province. In the other provinces, the extra grants for 1908-1909 have been strictly confined to the difference between the anticipated cost of the reorganization measures during the year and the subsidies already given. The aggregate grants included in the Budget are 12 lakhs, distributed as shown in paragraph 130. It has been explained in that paragraph that Imperial grants aggregating 30 lakhs will be made to Local Governments to assist them in special measures for the improvement of sanitation.

192. The exclusion of Local figures from the accounts, as explained in paragraphs 9 to 14, involves the abolition of the class of funds hitherto known as Incorporated Local Funds. The following funds, which formerly belonged to this class, have been absorbed in general revenues:—

Central Provinces	The Inland Labour Transport Fund.
Eastern Bengal and Assam	The Chittagong District Road Account and the Inland Labour Transport Fund.
Bengal	The Inland Labour Transport Fund.
United Provinces	The Inland Labour Transport Fund.
Punjab	The Copying Agency Fund.
North-West Frontier Province	The Copying Agency Fund.
Bombay	The Government Central Book Depôt Fund.
Central India Agency	The Indore Agency Road Fund, the Manpur Road Fund, the Manpur School Fund, the Bundelkhand Agency Fund, and the Malwa Dharmsala Fund.

All other funds which have heretofore been treated as Incorporated Local will now be excluded from the general accounts, and their relations with the Government treasuries in future will virtually be the relations of client and banker.

193. The following table gives the usual information regarding the revenue, expenditure and balances of each province, compared with the standards assumed in the settlements in force in each :— *Revenue, Expenditure and balances of the various provinces.*

	Estimate for the previous Settlement.	Estimate for the present *quasi*-permanent Settlement.	Accounts. 1904-1905.	Accounts. 1905-1906.	Accounts. 1906-1907.	Revised, 1907-1908.	Budget, 1908-1909.
	1	2	3	4	5	6	7
MADRAS—	R	R	R	R	R	R	R
Balance on April 1, 1904 .	...	...	95,12,000	...	...	...	...
Total Revenue, including adjustments . .	3,50,48,000	5,38,22,000	3,63,69,000	4,12,83,000	4,96,74,000	4,96,72,000	5,61,68,000
Total Expenditure . .	3,50,48,000	5,38,22,000	3,77,71,000	4,10,63,000	4,78,56,000	4,99,23,000	5,51,48,000
Closing Balance . .	...	...	81,10,000	83,30,000	1,00,27,000 (*a*)	97,76,000	1,07,96,000
BOMBAY—							
Balance on April 1, 1904 .	...	...	32,77,000	...			
Total Revenue, including adjustments . .	4,16,53,000	4,91,75,000	5,10,29,000	5,24,22,000	5,70,63,000	5,70,17,000	6,04,04,000
Total Expenditure . .	4,16,53,000	4,91,75,000	4,66,33,000	5,24,65,000	5,53,11,000	5,83,01,000	6,09,13,000
Closing Balance . .	..	...	76,73,000	76,30,000	98,18,000 (*b*)	85,34,000	80,76,000 (*g*)
BENGAL—BEFORE PARTITION—							
Balance on April 1, 1904 .	...	...	1,42,53,000	...	...	...	...
Total Revenue, including adjustments . .	4,98,87,000†	...	5,18,29,000	...	...	...	...
Total Expenditure . .	4,98,87,000†	...	5,30,82,000	...	...	...	...
Closing Balance . .	...	...	1,30,00,000	...	...	...	...
BENGAL AS NOW CONSTITUTED—							
Balance on April 1, 1906 .	...	1,10,48,000	...	...	1,10,48,000	...	...
Total Revenue, including adjustments . .	...	4,74,40,000	...	5,15,45,000‡	5,03,57,000	5,21,49,000	5,42,56,000
Total Expenditure . .	...	4,74,40,000	...	5,34,97,000	5,22,35,000	5,44,01,000	5,49,98,000
Closing Balance . .	...	...	...	1,10,48,000	93,84,000 (*e*)	71,32,000	63,90,000 * (*g*)
ASSAM—							
Balance on April 1, 1904 .	...	...	27,49,000	...	...	...	...
Total Revenue, including adjustments . .	72,07,000†	...	75,20,000	...	...	...	...
Total Expenditure . .	72,07,000†	...	77,89,000	...	...	...	...
Closing Balance . .	...	...	24,80,000	...	...	...	...
EASTERN BENGAL AND ASSAM—							
Balance on April 1, 1906 .	...	62,00,000	...	...	62,00,000	...	...
Total Revenue, including adjustments . .	...	2,22,82,000	...	1,80,90,000§	2,33,88,000	2,44,74,000	2,56,85,000
Total Expenditure . .	...	2,22,82,000	...	1,43,70,000	2,35,88,000	2,66,31,000	2,80,52,000
Closing Balance . .	...	...	...	62,00,000	61,50,000 (*f*)	39,93,000	16,32,000 (*g*)
UNITED PROVINCES OF AGRA AND OUDH—							
Balance on April 1, 1904 .	...	...	75,27,000	...	...	...	...
Total Revenue, including adjustments . .	3,66,64,000	5,32,91,000	3,77,58,000	3,84,90,000	4,82,66,000	4,58,22,000	5,66,68,000
Total Expenditure . .	3,66,64,000	5,32,91,000	3,86,27,000	4,13,69,000	4,74,71,000	4,94,11,000	5,86,68,000
Closing Balance . .	...	...	66,58,000	37,79,000	55,87,000 (*c*)	19,98,000	...
PUNJAB—							
Balance on April 1, 1904 .	...	...	32,00,000	...			
Total Revenue, including adjustments . .	1,90,28,000	2,49,50,000	2,69,82,000	2,67,42,000	3,11,94,000	3,11,49,000	3,23,18,000
Total Expenditure . .	1,90,28,000	2,49,50,000	2,21,87,000	2,95,39,000	3,18,55,000	3,30,93,000	3,20,17,000
Closing Balance . .	...	...	79,95,000	51,98,000	54,06,000 (*d*)	34,62,000	37,63,000
BURMA—							
Balance on April 1, 1904 .	...	...	84,98,000	...			
Total Revenue, including adjustments . .	3,31,33,000	4,39,66,000	3,85,71,000	4,15,66,000	4,72,55,000	4,39,40,000	4,54,91,000
Total Expenditure . .	3,31,33,000	4,39,66,000	4,01,63,000	4,41,80,000	4,53,64,000	4,70,35,000	4,73,79,000
Closing Balance . .	...	...	69,06,000	42,92,000	61,83,000	30,88,000	12,00,000
CENTRAL PROVINCES PROPER—							
Balance on April 1, 1904 .	...	...	15,01,000	...	...	...	...
Total Revenue, including adjustments . .	83,93,000	...	1,14,84,000	...	...	...	...
Total Expenditure . .	83,93,000	...	1,21,85,000	...	...	...	...
Closing Balance . .	...	...	8,00,000	...	...	...	...
CENTRAL PROVINCES AND BERAR—							
Balance on April 1, 1906 .	...	40,35,000	...	...	40,35,000	...	...
Total Revenue, including adjustments . .	...	1,76,43,000	...	1,58,69,000	2,07,56,000	2,16,04,000	2,24,02,000
Total Expenditure . .	...	1,76,43,000	...	1,26,34,000	1,90,05,000	2,24,38,000	2,40,39,000
Closing Balance . .	...	...	...	40,35,000	57,86,000	49,52,000	33,24,000 (*g*)

* Includes R50 lakhs held for the Calcutta improvement scheme referred to in paragraph 219 of the Financial Statement for 1904-1905.

† Settlement of 1904.

‡ Whole of Bengal up to 15th October 1905 and Bengal after partition for the rest of the year.

§ Assam up to 15th October 1905 and Eastern Bengal and Assam for the rest of the year.

(*a*) Includes R4,79,000 on account of Ryotwari Village Service Fund balance on 1st April 1906 transferred to Provincial.

(*b*) Includes R4,36,000 on account of the balance of the Sind Village Officers' Fund on 1st April 1906 transferred to Provincial.

(*c*) Includes R10,12,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

(*d*) Includes R8,69,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

(*e*) Includes R2,18,000 on account of the balance of the Zamindari Dâk cess *less* R4,000 minus balance of Patwari Fund transferred from Local to Provincial.

(*f*) Includes R1,50,000 on account of the balance of the Zamindari Dâk Fund.

(*g*) Include the balances of the Incorporated Local Funds which will be absorbed in general revenues with effect from 1st April, 1908.

Section VII.—Ways and Means.

HOME TREASURY.

194. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1907-1908 and in the Budget Estimate of 1908-1909.

Receipts.	Budget, 1907-1908.	Revised, 1907-1908.	Budget, 1908-1909.
	£	£	£
*Permanent debt incurred for the redemption of Railway Liabilities	...	2,144,800	...
Capital raised and deposited by Railway Companies—			
For Capital outlay	1,176,600	425,600	1,000,500
*For discharge of Debentures	2,385,100	957,900	1,420,600
Temporary debt renewed	...	...	2,000,000
Deposits and Advances—			
Gold Standard Reserve	3,358,600	4,836,800	3,411,400
Currency Reserve	69,700	69,700	50,600
Other items	900	103,900	15,100
Remittance Account between England and India—			
Railway transactions	2,903,500	1,901,300	4,653,500
Gold withdrawn from Paper Currency Reserve	...	3,325,000	1,500,000
Other transactions	369,700	1,026,200	789,200
Total Receipts, excluding Council Bills and Loans	10,264,100	14,791,200	14,840,900
Disbursements.			
Excess of Expenditure over Revenue	17,783,200	17,849,400	17,988,500
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	3,656,600	2,349,800	3,093,100
* Redemption of Railway Liabilities	...	2,144,800	...
Outlay of Railway Companies	1,790,000	2,028,600	1,647,300
* Payments to Railway Companies for discharge of debentures	2,385,100	1,038,500	1,420,600
Permanent Debt discharged	500,000	634,700	865,800
Temporary Debt discharged	...	...	2,000,000
Deposits and Advances—			
Gold Standard Reserve	3,358,600	4,501,200	3,417,000
Currency Reserve	69,700	69,700	50,600
Other transactions	52,200	53,100	7,100
Remittance Account between England and India—			
Railway transactions	2,849,400	3,225,000	5,060,900
Purchase of silver	...	4,516,300	...
Transfer of gold through the Paper Currency Reserve at the Bank of England	...	925,000	...
Other transactions	296,000	514,900	392,000
Total Disbursements	32,740,800	39,851,000	35,942,900
Net Disbursement	22,476,700	25,059,800	21,102,000
Financed as follows :			
Council Bills	18,100,000	15,814,000	18,500,000
Permanent Debt incurred	3,500,000	7,754,000	746,000
Temporary Debt incurred	...	1,000,000	500,000
Reduction of cash balance	876,700	491,800	1,356,000
Total	22,476,700	25,059,800	21,102,000
Opening Balance	4,313,819	5,606,812	5,115,012
Closing Balance	3,437,119	5,115,012	3,759,012

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and disbursements under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

1907-1908, Budget.

195. The Budget of 1907-1908 provided for a net disbursement of £22,476,700 including £500,000 for the discharge of railway debentures which matured in June last. To meet these charges it was estimated that Council Bills would be sold for £18,100,000, and that a sterling loan of £3,500,000 would be floated; the balance of the liabilities being met by a reduction in the Secretary of State's balances. Following the usual practice, no Budget provision was made for the purchase of silver, which would be met in ordinary course by additional drawings on India or from the Currency gold in the Bank of England.

1907-1908, Revised Estimate.

196. The net disbursements thus budgeted for were exceeded by £2,583,100. In the first place, the activity of trade in the earlier part of the year necessitated heavy purchases of silver; and £1,191,300 were paid on that account, in addition to payments made by the withdrawal of £3,325,000 from the Currency chest in London. In the second place, the Secretary of State remitted through the

Currency reserve a sum of £925,000 to the credit of the Indian Treasury balances, which had been seriously reduced by the heavy sale of Telegraphic Transfers towards the end of 1906-07. And in the third place, the net outlay on account of Railways was considerably in excess of the estimate. More detailed particulars of the Railway transactions are given in paragraphs 198 and 199; but the position may be summarized as follows. The Railway Companies which had been expected to raise capital were unable to obtain all that they had undertaken to provide; and the assistance which had been counted upon from this source fell short by £1,503,800. The debentures of the Madras Railway Company for £213,900 had to be paid off instead of being replaced by fresh capital, as had been hoped. And the payments made to Railway Companies on account of stores, and the advances to Companies working purchased lines, exceeded the Budget provision by £861,200.

Against these increased liabilities, there have been certain substantial improvements on the original estimates. The capital outlay on State Railways and Irrigation works is estimated to be £1,306,800 short of the budget provision, chiefly in consequence of delays in payments against indents from India. The Secretary of State will be left on the 31st March with £335,600 in his treasury belonging to the Gold Standard Reserve and for the time being uninvested; and his receipts in connection with Postal and Money Order business between India and the United Kingdom are expected to be £559,000 better than had been budgeted for.

197. To aggravate the net deterioration of £2,583,100 in his Treasury transactions, the Secretary of State was obliged to curtail his provision for Council Bills. The fall in Exchange owing to the weakness in the export trade, coupled for a time with the effects of the American crisis, has led to a reduction of the sale of Council Bills by approximately £2,286,000. This, however, has been partly made good by a temporary loan of £1,000,000; and the other deficiencies in the Secretary of State's net transactions have been more than covered by the £5-million loan which was floated towards the close of the year and of which approximately £4¼ millions will be brought to account before the 31st of March (*vide* paragraph 200). It will thus be found possible to close the year by drawing on the cash balances (which opened at a much higher figure than had been estimated in the Budget) to the extent of only £491,800 against £876,700 originally estimated for.

198. The details of the transactions under capital raised and deposited by Railway Companies are as follows:— *1907-1908. Capital raised and deposited by Railway Companies.*

	Budget, 1907-1908.	Revised, 1907-1908.
RECEIPTS.		
Subscribed Capital.		
To discharge Debentures—	£	£
Assam-Bengal Railway	560,000	435,300
Bengal-Nagpur Railway Extensions	155,000	...
Indian Midland Railway	1,031,200	422,600
Madras Railway	488,900	...
Southern Mahratta Railway	150,000	100,000
	2,385,100	957,900
To meet Capital outlay—	...	...
Assam-Bengal Railway	...	208,200
Bengal-Nagpur Railway Extensions	50,000	...
Burma Railways	900,000	...
Indian Midland Railway	225,000	215,900
	1,175,000	424,100
Miscellaneous (Transfer fees, etc.)	1,600	1,500
TOTAL	1,176,600	425,600
TOTAL RECEIPTS	3,561,700	1,383,500
ISSUES.	£	£
For discharge of Debentures (including discount paid on renewal of debentures)	2,385,100	1,038,500
For Capital outlay, *i.e.*, Stores Establishment Charges, etc.	1,790,000	2,028,600
TOTAL	4,175,100	3,067,100

Owing to the long stringency in the London money market, no capital for fresh outlay was raised by any of the companies except the small sums shown above against the Assam Bengal and the Indian Midland Railway Companies. Debentures for £1,216,200 were renewed at a discount of £4,300 instead of being replaced by fresh capital; and of the debentures of the Madras Railway Company £134,700, which matured on 1st January 1908, were discharged as direct liabilities of the Secretary of State in consequence of the purchase of the undertaking. Of the £1,034,200 shown in the above table as discharged during the year, £79,200 of the Madras Railway Company were discharged from funds supplied by the Secretary of State and the remainder was replaced by fresh capital.

199. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. It is the practice for certain other Companies which work State Railways to receive advances from the Secretary of State for the purchase of stores; and funds are sometimes raised by them and deposited with the Secretary of State. These deposits and advances, instead of being brought directly to account in England, are treated as remittances from and to India respectively, and are brought to account in this country. The details of the transactions during the current year are as follows:

	Budget, 1907-1908.	Revised, 1907-1908.
RECEIPTS.	£	£
Debentures raised—		
East Indian Railway for additional capital expenditure	2,250,000	1,897,100
Bombay, Baroda and Central India Railway for additional capital expenditure	400,000	...
South Indian Railway for discharge of debentures	250,000	...
Transfer fees, etc.	3,500	4,200
TOTAL RECEIPTS	2,903,500	1,901,300
ISSUES.		
Rental paid to South Behar Railway Company	30,000	30,000
South Indian Railway for the discharge of debentures	250,000	1,200
Advances for purchase of stores—		
East Indian Railway	1,065,000	1,050,500
Rajputana-Malwa Railway	134,000	211,500
South Indian Railway	160,400	138,700
Bengal and North-Western Railway	64,000	159,500
Great Indian Peninsula Railway	1,000,000	1,160,300
Bombay, Baroda and Central India Railway	146,000	368,800
Southern Mahratta Railway (Madras Section, 1st January to 31st March)	...	102,700
TOTAL	2,569,400	3,192,000
Miscellaneous payments to the Bombay, Baroda and Central India Railway and to the Delhi-Umballa-Kalka Railway Company for the Kalka-Simla Railway.	...	1,800
TOTAL ISSUES	2,849,400	3,225,000

Fresh capital to the extent of £2,000,000, producing £1,897,100, was raised by the East Indian Railway. The debentures of the South Indian Railway were renewed at a discount of £1,200 instead of being discharged.

200. The Budget Estimate provided for a 3 per cent sterling loan of £3,500,000 for the discharge of Bombay, Baroda and Central India debentures to the extent of £500,000, and for advances to Railway Companies under 51 Vict., c. 5. The sterling loan was announced in May 1907, but in view of the tightness of money tenders were invited for £3,500,000 of 3½ per cent India stock. The loan was issued at the fixed price of 98½—the average rate obtained for the 3 per cent sterling loan of the previous year having been £94 16*s.* 5*d.*; and the applications amounted to £11,708,400. Later in the year, in January 1908, a further 3½ per cent sterling loan of £5,000,000 was raised in anticipation of the requirements for railway capital expenditure in the ensuing year. The issue was made at a fixed price of 99—the total tenders amounting to £31,343,300. Of this second loan £4,254,000 only are likely to be received during 1907-1908 and the remainder appears in the estimates for 1908-1909. *1907-1908. Loans.*

India Bills for £1,000,000 with a currency of six months were issued in October 1907 at an average discount of £4 3*s.* 3*d.* per cent; they were required to replace the debentures which were to have been raised by the Bengal-Nagpur and the Burma Railway Companies.

201. In addition to the loans raised during the year the Secretary of State incurred liability in respect of £2,144,800 debentures of the Madras Railway Company on the purchase of the undertaking on the 31st December 1907. The amount appears in the table in paragraph 195 both on the receipt side as Permanent Debt incurred and on the expenditure side as capital outlay on redemption of Railway liabilities, and does not affect the ways and means. *1907-1908. Redemption of Railway liabilities.*

202. The Budget Estimates provide for a net disbursement of £21,102,000, including a payment of £865,800 for the discharge of railway debentures which mature during the year. The net disbursements are estimated at £1,374,700 less than the current year's budget. This is the net result of the following variations:— *1908-1909. The Budget Estimate.*

	£
Worse.	
Net expenditure on Revenue account, *more*	205,300
Net payments to Railway Companies, *more*	494,900*
Permanent Debt discharged, *more*	365,800
Better.	
Outlay on State Railways, less	563,500
Deposits, Advances and miscellaneous Remittance transactions, net	377,200
Gold withdrawn from Paper Currency Reserve, more	1,500,000

	Budget, 1907-1908. £	Budget, 1908-1909. £
* RECEIPTS—		
Capital deposited by Railway Companies—		
For capital outlay	1,176,600	1,000,500
For discharge of debentures	2,385,100	1,420,600
Remittance account between England and India—		
Railway transactions	2,903,500	4,653,500
Total receipts	6,465,200	7,074,600
DISBURSEMENTS—		
Railway and Irrigation capital not charged to Revenue—		
Outlay of Railway Companies	1,790,000	1,647,300
Payment for discharge of debentures	2,385,100	1,420,600
Remittance account between England and India—		
Railway Transactions	2,849,400	5,060,900
Total disbursements	7,024,500	8,128,800
NET DISBURSEMENTS	559,300	1,054,200
Increase		494,900

Of the net disbursement of £21,102,000, it is proposed to meet £18,500,000 by Council Bills, £746,000 from the amount to be received in 1908-1909 on account of the 3½ per cent sterling loan issued in January 1908, and £500,000 by raising India bills. The difference between the total of these items and the net disbursements will be met by drawing on the cash balances of the Secretary of State, which are estimated to stand at £3,759,012, on 31st March 1909.

1908-1909. Loans.

203. The six months' India Bills for £1,000,000 issued in October 1907 will be renewed twice during 1908-1909 and a fresh issue of £500,000 will be made.

1907-1908 and 1908-1909. Gold Standard Reserve.

204. The following are the details of the transactions of the Gold Standard Reserve (formerly called the Gold Reserve Fund) in England:—

	1907-1908.		1908-1909.
RECEIPTS.	Budget.	Revised.	Budget.
	£	£	£
(*a*) Dividends on investments and discount on Treasury Bills —	358,600	386,800	411,400
(*b*) Treasury Bills paid off at maturity and re-invested . . .	3,000,000	3,000,000	3,000,000
(*c*) Sums remitted by means of Council Bills . . .	...	530,000	...
Gold withdrawn from Paper Currency Reserve in London against corresponding payment in India . . .	...	920,000	...
TOTAL .	3,358,600	4,836,800	3,411,400
Investments made . .	3,358,600	4,501,200	3,417,000

205. The following statement shows the transactions and balances of the fund in the two years in England and India taken together :—

	Budget, 1907-1908.	Revised, 1907-1908.	Budget, 1908-1909.
	£	£	£
Opening balance—			
Invested	12,517,000	12,518,500	14,019,700
Uninvested—			
(1) Held in Gold . .	...	21,700	...
(2) Held in rupees .	3,963,300	4,000,000	4,000,000
(3) Due from treasury balances . .	333,600	301,300	335,600
	16,813,900	16,841,500	18,355,300
Closing balance—			
Invested . . .	12,875,600	14,019,700	14,436,700
Uninvested—			
(1) Held in Gold . .	1,110,200	...	666,700
(2) Held in rupees .	4,000,000	4,000,000	4,000,000
(3) Due from treasury balances . .	...	335,600	330,000
	17,985,800	18,355,300	19,433,400
Profit on new coinage credited to the reserve . .	813,300	1,127,000	666,700
Interest on investments .	358,600	386,800	411,400

206. The following is a summary of the figures relating to Council Bills and the sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.) included in the estimates for 1907-1908 and 1908-1909:— *1907-1908 and 1908-1909. Summary of debt transactions and Capital Account of Railway Companies.*

	Budget, 1907-1908.	Revised, 1907-1908.	Budget, 1908-1909.
RECEIPTS.	£	£	£
Council Bills	18,100,000	15,814,000*	18,500,000
Permanent Debt incurred (India Stock) . . .	3,500,000	7,754,000	746,000
Permanent Debt incurred for the Redemption of Railway Liabilities . . .	...	2,144,800	...
Temporary Debt raised . . .	...	1,000,000	2,500,000
Receipts on account of the Subscribed Capital of Railway Companies . . .	3,560,100	1,382,000	2,420,600
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways . .	2,900,000	1,897,100	4,650,000
OUTGOINGS.			
Redemption of Railway Liabilities	...	2,144,800	...
Permanent Debt discharged .	500,000	634,700	865,800
Temporary Debt discharged .	...	...	2,000,000
Discharge of Debentures of Railway Companies working purchased Railways . .	250,000	...	750,000
Discharge of other Railway Companies' Debentures .	2,385,100	1,038,500	1,420,600

207. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional Bills will as usual be sold if needed to meet the demands of trade.

* Exclusive of £530,000 for remittance of the Gold Standard Reserve.

INDIA.

208. The following is a summary of the Estimates of Ways and Means in India during 1907-1908 and 1908-1909:—

	Budget Estimate, 1907-1908.		Revised Estimate, 1907-1908.		Budget Estimate, 1908-1909.	
	Rupee figures.	Equivalent in £ at ₹15=£1.	Rupee figures.	Equivalent in £ at ₹15=£1.	Rupee figures.	Equivalent in £ at ₹15=£1.
Receipts.	₹	£	₹	£	₹	£
1. Excess of Revenue over Expenditure charged to Revenue	27,83,68,000	18,557,900	27,12,72,000	18,084,800	27,83,99,000	18,560,000
* 2. Capital raised through Companies for outlay on State Railways (net)	3,97,50,000	2,650,000	2,84,39,000	1,895,900	5,85,00,000	3,900,000
3. Profits on Rupee coinage appropriated to railway construction	...	...	1,69,04,000	1,127,000	1,00,00,000	666,700
4. Capital raised and deposited by Railway Companies	2,31,000	15,400	1,30,000	8,600	2,09,000	13,900
5. Unfunded Debt incurred, mostly Savings Bank deposits (net)	1,02,72,000	684,800	77,00,000	513,400	68,03,000	453,500
6. Appropriation for Reduction or Avoidance of Debt	70,61,000	470,700	37,50,000	250,000	37,50,000	250,000
7. Other Deposits and Remittances (net)	17,24,000	114,900	1,09,000	7,300	35,59,000	237,300
8. Capital of Local Boards (net)	25,000	1,700	25,000	1,700	...	...
9. Remittance account between England and India—						
(a) Silver remitted from England	25,50,000	170,000	6,86,02,000	4,573,500	...	...
(b) Transactions of Railway Companies (net) excluding debenture capital	3,89,38,000	2,595,900	4,82,95,000	3,219,600	6,46,11,000	4,307,400
Total Receipts excluding loans	37,89,19,000	25,261,300	44,52,26,000	29,681,800	42,58,31,000	28,388,800
Disbursements.						
10. Capital Expenditure not charged to Revenue—						
(a) State Railways and Irrigation Works	6,58,77,000	4,391,800	10,15,61,000	6,770,800	9,69,31,000	6,462,000
(b) Outlay by Companies (net)	5,58,000	37,200	—29,04,000	—193,600	—27,75,000	—185,000
11. Permanent Debt discharged	12,77,000	85,100	12,60,000	84,000	12,70,000	84,600
12. Provincial surpluses (—) or deficits (+)	77,68,000	517,900	1,54,06,000	1,027,000	78,76,000	525,100
13. Imperial and Provincial Loans (net)	12,03,000	80,300	2,10,78,000	1,405,200	31,07,000	207,200
14. Remittance account between England and India—						
*(a) Capital raised by Railway Companies (net)	3,97,50,000	2,650,000	2,84,39,000	1,895,900	5,85,00,000	3,900,000
(b) Remittances through the Currency Department (net)	...	...	3,60,00,000	2,400,000	2,25,00,000	1,500,000
(c) Other transactions (net)	21,75,000	145,000	64,43,000	429,600	51,89,000	346,000
15. Council Bills‡	27,15,59,000	18,103,900	22,82,64,000	15,217,600	26,98,35,000	17,989,000
Total Disbursements	39,01,67,000	26,011,200	43,55,47,000	29,036,500	46,24,33,000	30,828,900
Net Disbursements	1,12,48,000	749,900	—96,79,000	—645,300	3,66,02,000	2,440,100
Financed as follows:						
Permanent Debt incurred	3,00,00,000	2,000,000	2,50,00,000	1,666,700	3,00,00,000	2,000,000
Reduction of + or addition to † Treasury Balances	—1,87,52,000	—1,250,100	—3,46,79,000	—2,312,000	66,02,000	440,100
Total	1,12,48,000	749,900	—96,79,000	—645,300	3,66,02,000	2,440,100
Opening Balance	16,67,80,000	11,118,700	15,49,24,000	10,328,200	18,96,03,000	12,640,200
Closing Balance	18,55,32,000	12,368,800	18,96,03,000	12,640,200	18,30,01,000	12,200,100

* The figures under heads 2 and 14 (a) balance each other.

† Head 12 represents expenditure defrayed by reduction of Provincial balances.

‡ The figures shown under head 15 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

209. In the Budget Estimate of 1907-1908, the cash balance in Indian Treasuries on 1st April 1907 was taken at 16,68 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to 27,84 lakhs, (2) that the net deposits in Saving Banks and Provident Institutions would increase during the year by 1,03 lakhs, (3) that 71 lakhs would be available from the Famine Insurance Grant for the avoidance of debt, (4) that the remittance transactions of Railway Companies would result in a net credit in India of 3,89 lakhs, and (5) that 25 lakhs of silver bullion purchased in England in 1906-1907 would be added to the Treasury balances in India. On the other hand, provision was made (1) for a net expenditure of 78 lakhs from Provincial balances, (2) for Capital expenditure in India on Railways and Canals to the extent of 6,59 lakhs, (3) for a net payment of 5 lakhs to Railway Companies, (4) for payments of 13, 12 and 2 lakhs in connection with the discharge of permanent debt, local loans and miscellaneous deposit transactions respectively, and (5) for payments of Council Bills to the extent of 27,15 lakhs. The payments mentioned aggregated 34,84 lakhs, and as the receipts amounted to 33,72 there was a deficiency of 1,12 lakhs. To meet this deficiency and to strengthen the cash balances which had been seriously reduced towards the end of 1906-1907 by the heavy drawings of the Secretary of State, it was proposed to raise a rupee loan of 3 crores. *1907-1908. Main features of Budget Estimate.*

210. The results according to the Revised Estimate show considerable variations from this forecast. The actual opening balance on 1st April 1907 fell short of the estimate by 1,19 lakhs in consequence of exceptionally large telegraphic transfers drawn by the Secretary of State at the end of the year. The famine has been primarily responsible for decreased receipts and increased expenditure under a number of heads: the net Imperial revenue in India being now estimated at 71 lakhs less than the Budget Estimate, while the expenditure from Provincial balances will be 76 lakhs more. As effects of the same cause, the net deposits in Savings Banks and the amount available for appropriation for the avoidance of debt will be less by 26 and 33 lakhs, respectively, while the payments on account of loans to cultivators, etc., will be more by 1,99 lakhs. Capital expenditure in India on Railways and Irrigation Works is expected to exceed the estimate by 3,57 lakhs, partly owing to short expenditure in England and partly in consequence of the additional grant of 1,50 lakhs sanctioned by the Secretary of State during the year. In part payment for silver purchases, a net remittance of 3,60 lakhs has been made from India to England through the Currency Department in consequence of the slackness in the demand for Council Bills; and the payments in connection with deposit and miscellaneous remittance transactions will be more than the Budget forecast by 60 lakhs. A reduction of 50 lakhs was also made in the amount of the rupee loan which it was contemplated in the Budget Estimate to raise during the year. The total deterioration from all these sources will amount to 13,51 lakhs. On the other hand, the slackness in the demand for Council Bills will lead to a diminution of 4,33 lakhs in the payments budgeted under this head; the receipts of silver purchased in England by the Secretary of State will be more by 6,61 lakhs; the net credits from remittances of Railway Companies will exceed the Budget Estimate by 94 lakhs; a sum of 1,69 lakhs will be received as the moiety of profits on the new rupee coinage during the year, which it has been decided to appropriate to railway construction; and the net payments to Railway Companies on account of Capital outlay are 35 lakhs less than the estimate. The total improvements mentioned above amount to 13,92 lakhs against a total deterioration of 13,51 lakhs. The cash balance on 31st March 1908 is therefore now expected to be 41 lakhs better than the figure entered in the Budget Estimate. *1907-1908. Main features of Revised Estimate.*

211. In paragraph 266 of the last Financial Statement it was announced, subject to the usual reservations, that a new 3½ per cent rupee loan of 3 crores would be raised in 1907-1908. The loan was announced in July last, but in view of the large improvement that was then expected in the revenue receipts and also of the stringency prevailing in the money market, tenders were invited for a reduced amount of two-and-a-half crores of rupees only. Tenders were opened on the 17th July, and the result of the loan was as follows:— *1907-1908. Rupee loan.*

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
R	*R*	*R a. p.*	*R a. p.*
5,24,09,300	2,50,00,000	96 13 11·2	96 11 0

1908-1909. Main features of Budget Estimate.

212. In 1908-1909, the net Imperial revenue in India is estimated at 27,84 lakhs. It is hoped that a sum of 1,00 lakhs will be available for Railway construction out of the coinage profits likely to be realised during the year. Savings Bank deposits are expected to yield a net receipt of 68 lakhs; a sum of 37½ lakhs, representing the total of the amounts deposited by Local Governments with the Imperial Government as a reserve for meeting future expenditure on famine relief (*vide* paragraphs 48 to 57 of the last Financial Statement), will be available for the avoidance of debt; and the remittance and capital transactions of Railway Companies are likely to result in a net credit in India of 6,74 lakhs. On the other hand, provision has been made: (1) for an expenditure of 79 lakhs from Provincial balances; (2) for capital expenditure of 9,69 lakhs in India on Railways and Canals; (3) for payments of 13,31, and 14 lakhs in connection with the discharge of permanent debt, local loans and miscellaneous deposit and remittance transactions, respectively; (4) for a remittance of 2,25 lakhs to the Secretary of State through the Currency Department; and (5) for payment of Council Bills to the extent of about 26,98½ lakhs. The payments mentioned aggregate 40,29½ lakhs and as the receipts come to 36,63½ lakhs the net disbursements amount to 3,66 lakhs.

1908-1909. New Rupee Loan.

213. It is proposed to meet 3 crores out of the net disbursement of 3,66 lakhs by raising a new rupee loan for that amount in 1908-1909, the remaining 66 lakhs being met by drawing upon the cash balances. It is thus expected to close the year with a balance of 18,30 lakhs. The announcement now made regarding the rupee loan is in accordance with present intentions; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1907-1908 and 1908-1909. Post Office Savings Banks, etc.

214. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1907-1908 and 1908-1909:—

Year.	Net additions to deposits, cash.	Interest.	Total addition.
	₹	₹	₹
1893-1894	17,99,000	36,80,000	54,79,000
1894-1895	—8,45,000	29,70,000	21,25,000
1895-1896	24,77,000	33,85,000	58,62,000
1896-1897	—58,11,000	34,66,000	—23,45,000
1897-1898	—65,71,000	32,70,000	—33,01,000
1898-1899	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907	50,94,000	52,25,000	1,03,19,000
1907-1908 (Revised)	15,18,000	53,63,000	68,81,000
1908-1909 (Budget)	4,17,000	55,25,000	59,42,000

A net deposit in the Post Office Savings Banks of 30 lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first ten months of the year have, however, resulted in a net increase in the deposits of about 17 lakhs only, large withdrawals having taken place since October last in consequence of the famine. Heavy withdrawals are also expected in the closing months of the year for a similar reason, and it is now estimated that during the year 1907-1908, apart from interest, there will be a net increase of 3 lakhs only in the Post Office Savings Banks deposits and of 12 lakhs in those of the other institutions classed under this head.

In the Budget Estimate for 1908-1909, a total net deposit of 4 lakhs, apart from interest, has been assumed; the figure being intentionally low in consequence of the prevalence of famine.

Section VIII.—Summary.

215. The principal features in this statement are the following:—

I.—The Accounts of 1906-1907 closed with an Imperial surplus of £1,589,340, being £263,240 more than the surplus expected in the Revised Estimates of that year.

II.—1907-1908:—

(1) The Revised Estimates show a total Revenue of £70,989,200, a total Expenditure charged to Revenue of £70,753,800, and an Imperial surplus of £235,400. This surplus is less than that of the Budget Estimate by £539,200.

(2) The transactions of local funds (except a few funds which are being absorbed in Imperial or Provincial revenues) will be excluded from the general accounts from the 1st April 1908. The Budget and the Revised Estimates for the current year have been re-arranged so as to give retrospective effect to this change. The absorption of certain minor funds has resulted in a small reduction (£100) in the surplus of £774,700 shown in the original Budget Estimate.

(3) The failure of the monsoon has necessitated Famine Relief expenditure (£516,000), and a heavy reduction (£1,701,100) in the estimates of Land Revenue. In the United Provinces alone, the decrease is £945,300.

Railway net Receipts also show a heavy decline (£725,400). The increase of Working Expenses has exceeded the growth of Earnings by reason of heavy expenditure on renewals and repairs. The Madras Railway—the last of the old guaranteed lines—was purchased by the Government with effect from the 1st January 1908.

Forests and Exchange have contributed £148,100 and £73,300, respectively, towards the total diminution of Revenue; and there have been smaller decreases under Tributes and Military receipts.

The Customs Revenue (£4,964,000) has been unprecedentedly high, being better than the Budget anticipation by £368,500. The increase over the receipts of 1906-1907 has been greatest under cotton manufactures (£142,400), spirits and liqueurs (£94,800) and manufactured articles (£91,000).

The improvement in Opium Revenue is £371,800, of which £302,000 is due to Bengal opium having been sold at an average of R1,350 per chest, as against R1,250 taken in the Budget. The exports of Malwa opium have exceeded expectation.

The great demand for bronze coin and the issue of the new one-anna nickel have yielded a profit of £226,700, as against £66,700 budgeted for. The renewal of dollar coinage and the heavy coinage of rupees in the earlier part of the year have also contributed towards the total increase of £192,700 in Mint receipts.

The Salt Revenue shows marked progress; the increase of £46,900 over the Budget would have been larger but for exceptionally heavy clearances between the 20th and 31st March 1907, consequent on the reduction of duty. The other heads under which the Budget has been substantially exceeded are Stamps, Minor Irrigation Works and Assessed Taxes with increases of £67,700, £64,900 and £49,200, respectively.

(4) A new principle has been adopted for distributing the gross Interest charges between the Railway, Irrigation and Ordinary Debt, which reduces largely the disproportionate burden of interest hitherto

borne by the accounts of railways and productive irrigation works. The increase in the gross Interest charges (£149,100) is due mainly to the discount and higher rate (3½ per cent) of the sterling loans of the year.

Of the total charge of £516,000 for Famine Relief, £220,700 has been met from the Budget provision for Reduction or Avoidance of Debt.

There is a large excess (£115,600) over the Budget in Civil Works expenditure, which is partly due to the development of the public works programme to provide employment for labour in famine tracts. Military expenditure (including Marine) is £758,600 less than the Budget, owing mainly to smaller payments to the War Office, and to a slower rate of progress with re-organization and other special measures. The Revised Estimate under Army includes £50,000 for the Bazar Valley Field Force.

The Opium expenditure is short of the Budget provision by £141,600, as a result of the contraction in the poppy area. Political shows a saving of £119,700 attributable to smaller drawings of His Majesty the Amir's subsidy.

(5) The balances of the United Provinces having been largely depleted as a consequence of famine, a special assignment of £218,100 has been entered in the Revised Estimate to raise the closing Provincial balance to its prescribed minimum. Other special assignments are £61,700 to Bombay and £7,500 to the Central Provinces to make up the minimum amount of Land Revenue guaranteed under the Provincial Settlements, £38,300 to the Punjab in respect of a similar guarantee for Irrigation revenue, £33,300 to Madras for tank restoration works, and £66,700 to Burma, as the first instalment of the Imperial contribution towards the cost of the Rangoon river training scheme.

(6) A 3½ per cent loan of two and a half crores of rupees was raised in India; and two issues of 3½ per cent India stock were made in England. The first, in accordance with the Budget programme, was for £3,500,000; but in January last a further loan of £5,000,000 was effected, partly in anticipation of the requirements of next year. Of the latter, £746,000 will be received after the 31st March 1908. In addition, India Bills for £1,000,000 were issued in lieu of capital estimated to be raised by various Railway Companies. The sterling loans enabled £634,700 to be applied towards the discharge of debentures of the Bombay, Baroda and Central India Railway and the Madras Railway.

(7) Owing to stringency in the London money market, only £2,248,000 of fresh capital was raised by Railway Companies, as against £3,840,400 entered in the Budget Estimate.

(8) In consequence of the drop in exchange during the latter half of the year, the drawings of Council Bills in 1907-1908 are expected to amount to only £15,814,000, as compared with £18,100,000 entered in the Budget; the former figure is exclusive of £530,000 drawn for remittance to the Gold Standard Reserve. £3,325,000 have been drawn from the Currency Reserve Gold, in part payment of the silver bought by Government for coinage purposes.

(9) The Gold Standard Reserve on the 31st March 1908 stands at £18,355,300.

III.—1908-1909:—

(1) The Budget Estimate of 1908-1909 shows a total Revenue of £73,438,900, a total expenditure charged to Revenue of £72,867,400, and an Imperial surplus of £571,500.

(2) Provision has been made for special grants to Local Governments of £200,000 and £80,000 in aid of Sanitation and additional Police reforms, respectively. The annual grant for special Military expenditure has been taken at £1,666,700 only, as against £1,983,300 in the Budget of 1907-1908.

(3) Compared with the Revised Estimate of the current year, Land Revenue (excluding the portion due to Irrigation) shows an increase of £1,435,200, of which £767,800 is in the United Provinces, £417,900 in Bombay and £193,000 in Burma. The famine necessitated exceptionally heavy remissions and suspensions this year. The estimates of 1908-1909 are based on the assumption that the next monsoon will be normal.

The purchase this year of the Madras Railway increases the gross receipts and working expenses of State Railways next year by £845,300 and £606,700, respectively. A total increase of £1,031,800 in the net receipts of State Railways is expected.

In view of the prevailing scarcity, the growth of Excise receipts is taken at £194,600 only. An increase of £126,400 is expected under Stamps. The assumption of a year of normal crops, in the Punjab chiefly, has caused an increase of £192,300 under Irrigation.

The Salt Budget anticipates an increase in consumption of approximately 2,900,000 maunds. But the increase of revenue is taken at £65,300 only, owing to the operation of the credit system in Madras.

Under Customs the increase is small (£36,300 only), as the growth of the import duties has been extraordinarily large this year, and no appreciable increase of the export duty on rice can be expected while famine prevails.

Opium revenue shows a decrease of £380,000. In view of the restriction of the trade with China, the number of chests of Bengal and Malwa opium to be exported have been taken at 45,900 and 15,100, respectively. The average sale price of Bengal opium has been taken at R1,300 per chest, as against R1,350 obtained in the current year.

Other important decreases of Revenue are under Mint (£165,900), due to smaller coinage of new rupees and bronze; and under Military Services (£129,900), the result largely of the discontinuance of the supply by the State of malt liquor to the troops.

(4) The direct expenditure on Famine Relief is estimated at £880,500, of which £666,700 is in the United Provinces.

Police and Medical expenditure show increases of £301,100 and £280,000, of which £80,000 and £200,000 represent provision for expenditure against the special Imperial grants for additional police reforms and sanitation, respectively [*vide* paragraph III (2)].

Under Military Services, there is an increase of £233,900 in spite of a decrease of £40,200 under Marine. These variations are explained in Appendix II.

The only important decreases of expenditure are under Civil Works (£224,700), Opium (£175,600), and Miscellaneous (£177,900). In the first case, retrenchment is largely due to the depletion of the Provincial balances in some of the provinces. Under Opium, the decrease is due partly to the poor outturn of last winter's crop, and partly to the further restriction of the poppy-growing area.

The purchase of the Madras Railway causes a decrease of £600,100 under Guaranteed Companies and an increase of £398,800 under Annuities in purchase of Railways. The total annuity in purchase of the undertaking is £553,397, but the Budget provides for the exchange of a part of this for new stock of the Southern Mahratta Railway Company, and for the payment next year of three-quarters of the reduced annuity plus a half-year's annuity to holders who exchange.

(5) The Budget includes special Land Revenue assignments of £43,100 and £98,800 to the United Provinces to make up the minimum amount of Land Revenue guaranteed under the Provincial Settlement and to avoid a *minus* Provincial balance at the close of 1908-1909, respectively.

(6) Subject to the approval of His Majesty's Secretary of State, the Provincial Settlements of Madras and the United Provinces have been revised so as to place at the disposal of the Local Governments a larger share of the heads of revenue which are ordinarily divided between Imperial and Provincial. Particulars of the changes will be found in Section VI.

(7) Subject to the usual reservation, a loan of 3 crores of rupees in India is announced. This is intended for Capital expenditure on Railways and Productive Irrigation Works. Of the sterling loan of £5,000,000 announced in January last, £746,000 will be realised after the 31st March 1908. Provision has also been made for renewing twice in 1908-1909 the India Bills of £1,000,000 which were issued with a six months' currency in October 1907; for a fresh temporary loan of £500,000 in England; and for the discharge of Bombay, Baroda and Central India Railway debentures, of which £865,800 mature next year.

(8) Subject to the usual reservations, provision is also made for the raising of Capital through Railway Companies as follows: namely, for outlay on Companies' Railways £1,013,900, and for expenditure on purchased Railways £3,900,000.

(9) Drawings of Council Bills are entered at £18,500,000; and provision has been made for the withdrawal of £1,500,000 from the Currency Chest in London, against an equivalent transfer from Treasury to Currency in India.

IV.—Capital Expenditure—

The following table shows the Capital Expenditure on Railways and Irrigation Works:—

	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	₹	₹	₹
RAILWAYS.			
Included in the Government Capital programme	14,47,61,592	15,00,00,000	15,00,00,000
Famine Protective lines	51,626	1,28,000	11,000
Branch lines not on firm guarantee	5,99,868	2,61,000	2,54,000
Provincial State line	13,432	17,000	4,000
TOTAL RAILWAYS	14,54,26,518	15,04,06,000	15,02,69,000
IRRIGATION WORKS	1,19,64,406	1,30,00,000	1,50,00,000
Total Railways and Irrigation Works	15,73,90,924	16,34,06,000	16,52,69,000
Converted into sterling at ₹15=£1	10,492,728	10,893,800	11,017,900

J. S. MESTON.

March 20, 1908.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1906-1907
Revised Estimates . . .	1907-1908
Budget Estimates . . .	1908-1909

CONTENTS.

	Pages
I.—General Statement of the Revenue, and Expenditure charged to Revenue, of the Government of India, in India and in England	764—765
II.—General Statement of the Receipts and Disbursements of the Government of India, in India and in England	766—767
A.—Statement of the Revenue of India, in India and in England	768—769
B.—Statement of the Expenditure charged to the Revenues of India, in India and in England	770—773
C.—Statement of Receipts and Disbursements of the Government of India, in India and in England	774—777
D.—Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements . . .	778
E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England	779

I.—General Statement of the Revenue, and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1906-1907.	Budget Estimate, 1907-1908.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
Revenue—					
Principal Heads of Revenue—		£	£	£	£
Land Revenue	A	19,793,791	20,226,100	18,525,000	19,960,200
Opium	„	5,660,528	4,851,100	5,222,900	4,842,900
Salt	„	4,362,706	3,290,000	3,336,900	3,402,200
Stamps	„	4,029,908	4,167,600	4,235,300	4,361,700
Excise	„	5,898,219	6,207,800	6,197,800	6,392,400
Customs	„	4,351,692	4,595,500	4,964,000	5,000,300
Other Heads	„	4,690,091	4,839,000	4,718,300	4,946,600
TOTAL PRINCIPAL HEADS	...	48,786,935	48,177,100	47,200,200	48,906,300
Interest	A	972,193	951,000	980,800	1,014,600
Post Office	„	1,751,146	1,795,700	1,833,500	1,912,100
Telegraph	„	953,006	991,900	1,004,100	1,037,900
Mint	„	419,498	245,300	438,000	272,100
Receipts by Civil Departments	„	1,100,829	1,123,700	1,100,300	1,140,600
Miscellaneous	„	939,601	713,700	654,000	524,300
Railways : Net Receipts	„	12,983,823	13,654,800	12,929,400	13,729,500
Irrigation	„	3,532,917	3,420,900	3,448,000	3,640,300
Other Public Works	„	287,863	243,100	254,300	244,500
Military Receipts	„	1,416,743	1,182,800	1,146,600	1,016,700
TOTAL REVENUE	...	73,144,554	72,500,000	70,989,200	73,438,900

M. BHATTACHARYA,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT ;
March 20, 1908.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1906-1907.	Budget Estimate, 1907-1908.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,909,118	9,133,300	8,922,000	8,962,300
Interest	„	1,915,884	1,064,400	1,799,300	1,734,800
Post Office	„	1,602,933	1,689,800	1,717,100	1,815,600
Telegraph	„	1,126,205	1,080,100	1,090,500	1,094,600
Mint	„	166,898	150,800	165,500	147,700
Salaries and Expenses of Civil Departments	„	12,646,358	13,079,600	13,042,100	14,037,300
Miscellaneous Civil Charges	„	4,507,249	4,669,400	4,827,800	4,620,000
Famine Relief and Insurance	„	1,009,743	999,800	1,182,000	1,531,200
Railways: Interest and Miscellaneous Charges	„	10,676,150	11,513,400	11,001,300	11,323,000
Irrigation	„	2,736,761	3,020,700	2,833,400	2,917,800
Other Public Works	„	4,359,552	4,562,900	4,679,300	4,453,800
Military Services	„	21,586,086	21,279,100	20,520,500	20,754,400
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	71,242,937	72,243,300	71,780,800	73,392,500
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	494,206	88,700	...	84,500
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*181,964*	*606,600*	*1,027,000*	*609,600*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	71,555,179	71,725,400	70,753,800	72,867,400
SURPLUS	....	1,589,375	774,600	235,400	571,500
TOTAL	...	73,144,554	72,500,000	70,989,200	73,438,900

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1906-1907.	Budget Estimate, 1907-1908.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
		£	£	£	£
Surplus	C	1,589,375	774,600	235,400	571,500
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	...	2,650,000	1,895,900	3,900,000
Profits on Rupee coinage appropriated to Railway Construction	,,	...	...	1,127,000	666,700
Capital raised and deposited by Railway Companies (net)	,,	...	1,190,400	352,100	1,013,900
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	4,166,102	4,914,900	10,846,800	1,795,600
Temporary Debt (net Incurred)	,,	...		1,000,000	500,000
Unfunded Debt (net Incurred)	,,	737,317	684,800	513,4[illegible]	453,500
Deposits and Advances (net)	,,	935,167	16,500	...	...
Loans and Advances by Imperial Government (net Repayments)	,,	...	61,600	411,800	...
Capital Account of Local Boards	,,	1,587	1,700	1,700	...
Remittances (net)	,,	499,437	98,700	...	51,200
Secretary of State's Bills drawn	,,	32,907,196	18,100,000	15,814,000	18,500,000
TOTAL RECEIPTS	...	40,856,181	28,493,200	32,198,100	27,452,400
Opening Balance—India	...	11,781,457	11,118,657	10,328,237	12,640,237
England	...	8,436,519	4,313,819	5,606,812	5,115,012
TOTAL	...	01,074,157	43,925,676	48,133,149	45,207,649

M. BHATTACHARYA,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 20, 1908.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1906-1907.	Budget Estimate, 1907-1908.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	797,627	833,300	866,700	1,000,000
Outlay on State Railways	„	7,915,041	7,215,100	8,253,900	8,555,100
Outlay of Railway Companies (net)	„	1,766,953	1,825,600	1,833,500	1,461,800
Capital raised and deposited by Railway Companies—(Net payments for discharge of debentures)	„	254,440	...	...	...
Capital involved in Redemption of Railway Liabilities	„	...	...	2,144,800	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	10,734,061	9,874,000	13,098,900	11,016,900
Debt, Deposits, and Advances—					
Deposits and Advances (net)	C	...	...	53,500	35,400
Loans and Advances by Imperial Government (net Advances)	„	4,251	...	...	171,400
Loans and Advances by Provincial Governments (net Advances)	„	581,430	141,900	1,817,000	35,800
Remittances (net)	„	...	...	190,900	...
Secretary of State's Bills paid	„	33,819,366	18,103,900	15,217,600	17,989,000
TOTAL DISBURSEMENTS	...	45,139,108	28,119,800	30,377,900	29,248,500
Closing Balance—India	...	10,328,237	12,368,757	12,640,237	12,200,137
England	...	5,606,812	3,437,119	5,115,012	3,759,012
TOTAL	...	61,074,157	43,925,676	48,133,149	45,207,649

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—*Statement of the Revenue of*

HEADS OF REVENUE.	ACCOUNTS, 1906-1907.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at ₹15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—	₹	₹	£	£	£	₹	₹
I.—Land Revenue	11,63,51,150	18,05,55,701	19,793,791	...	19,793,791	10,37,28,000	17,41,48,000
II.—Opium	8,49,07,922	...	5,660,528	...	5,660,528	7,83,43,000	...
III.—Salt	6,45,75,336	8,65,255	4,362,706	...	4,362,706	5,00,53,000	...
IV.—Stamps	2,96,30,957	3,08,17,658	4,029,908	...	4,029,908	3,22,13,000	3,13,17,000
V.—Excise	5,36,73,915	3,47,99,374	5,898,219	...	5,898,219	5,51,92,000	3,77,75,000
VI.—Provincial Rates	31,936	77,18,134	516,671	...	516,671	13,000	78,45,000
VII.—Customs	6,51,90,472	84,912	4,351,692	...	4,351,692	7,44,60,000	...
VIII.—Assessed Taxes	1,31,48,772	82,08,037	1,423,787	...	1,423,787	1,36,70,000	85,62,000
IX.—Forest	1,52,36,733	1,12,62,287	1,766,601	2,310	1,768,911	1,50,78,000	1,10,37,000
X.—Registration	5,26,704	51,69,327	379,736	...	379,736	4,78,000	57,02,000
XI.—Tributes from Native States	90,14,790	...	600,986	...	600,986	83,79,000	...
TOTAL	45,22,88,687	27,94,80,685	48,784,625	2,310	48,786,935	43,16,07,000	27,63,86,000
XII.—Interest	87,13,109	21,43,305	723,761	248,432	972,193	93,78,000	27,18,000
XIII.—Post Office	2,62,67,186	...	1,751,146	...	1,751,146	2,75,03,000	...
XIV.—Telegraph	1,41,66,341	...	944,423	8,583	953,006	1,48,77,000	...
XV.—Mint	62,91,969	...	419,465	33	419,498	65,70,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	3,75,545	36,95,799	271,423	...	271,423	2,93,000	36,69,000
XVI.—Law and Justice { Jails	3,20,893	34,54,887	251,718	...	251,718	3,11,000	34,05,000
XVII.—Police	1,23,751	21,30,902	150,310	...	150,310	1,23,000	22,10,000
XVIII.—Ports and Pilotage	...	21,59,429	143,962	...	143,962	...	20,96,000
XIX.—Education	25,903	20,88,917	140,988	...	140,988	27,000	21,75,000
XX.—Medical	10,761	8,09,325	54,673	973	55,646	10,000	8,32,000
XXI.—Scientific and other Minor Departments	1,74,743	11,17,469	86,148	634	86,782	1,73,000	11,58,000
TOTAL	10,31,596	1,54,56,728	1,099,222	1,607	1,100,829	9,37,000	1,55,45,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	13,28,273	5,53,823	125,473	66,414	191,887	13,00,000	9,49,000
XXIII.—Stationery and Printing	5,06,677	6,74,499	78,745	...	78,745	6,18,000	7,15,000
XXIV.—Exchange	28,50,328	...	190,022	...	190,022	9,00,000	...
XXV.—Miscellaneous	40,19,180	28,49,050	457,882	21,065	478,947	19,72,000	21,71,000
TOTAL	87,04,458	40,77,372	852,122	87,479	939,601	47,90,000	38,35,000
Railways—							
XXVI.—State Railways (Gross Receipts)	38,66,26,526	86,196	25,780,848	230	25,781,078	41,13,18,000	92,000
Deduct:—Working Expenses	*19,27,50,064*	*89,102*	*12,855,945*	...	*12,855,945*	*21,52,73,000*	*89,000*
Surplus profits paid to Companies, etc.	*59,44,506*	...	*396,300*	...	*396,300*	*63,70,000*	...
Net Receipts	18,79,31,956	−2,906	12,528,603	230	12,528,833	18,96,75,000	3,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	59,82,017	...	398,801	...	398,801	33,79,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	3,88,746	...	25,917	30,272	56,189	3,00,000	...
TOTAL	19,43,02,719	−2,906	12,953,321	30,502	12,983,823	19,33,54,000	3,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,44,62,380	2,06,71,096	2,342,231	...	2,342,231	1,34,96,000	1,92,24,000
Portion of Land Revenue due to Irrigation	1,51,04,710		1,006,981	...	1,006,981	1,33,80,000	20,97,000
XXX.—Minor Works and Navigation	11,17,787	16,37,788	183,705	...	183,705	10,06,000	25,17,000
TOTAL	3,06,84,877	2,23,08,884	3,532,917	...	3,532,917	2,78,82,000	2,38,38,000
Other Public Works—							
XXXI.—Civil Works	4,21,335	35,44,476	264,387	23,476	287,863	2,88,000	35,02,000
Military Receipts—							
XXXII.—Army: Effective	98,03,377		653,558	441,956	1,095,514	82,51,000	...
Non-Effective	13,80,251	...	92,017	30,038	122,055	12,15,000	...
	1,11,83,628	...	745,575	471,994	1,217,569	94,66,000	...
XXXIII.—Marine	22,21,896	...	148,126	49	148,175	12,26,000	...
XXXIV.—Military Works	7,64,984	...	50,999	...	50,999	8,50,000	...
TOTAL	1,41,70,508	...	944,700	472,043	1,416,743	1,15,42,000	...
TOTAL REVENUE	75,70,42,785	32,70,08,544	72,270,089	874,465	73,144,554	72,87,28,000	32,58,27,000

India, in India and in England.

ESTIMATE, 1907-1908.				BUDGET ESTIMATE, 1908-1909.							
				INDIA. (RUPEE FIGURES.)							
Total India (converted into £ at Rs15=£1).	England.	TOTAL.	Increase + Decrease — as compared with Budget Estimate, 1907-1908.	Imperial.	Provincial.	Total India (converted into £ at Rs15=£1).	England.	TOTAL.	Increase + Decrease — of Budget, 1908-1909, as compared with Budget Estimate, 1907-1908.	Increase + Decrease — of Budget, 1908-1909, as compared with Revised Estimate, 1907-1908.
£	£	£	£	₹	₹	£	£	£	£	£
18,525,100	...	18,525,000	—1,701,100	11,56,01,000	18,38,02,000	19,960,200	...	19,960,200	— 265,900	+ 1,435,200
5,222,900	...	5,222,900	+ 371,800	7,26,43,000	...	4,842,900	...	4,842,900	— 8,200	—380,000
3,336,900	...	3,336,900	+ 46,900	5,10,33,000	...	3,402,200	..	3,402,200	+ 112,200	+ 65,300
4,235,300	...	4,235,300	+ 67,700	3,31,78,000	3,22,47,000	4,361,700	...	4,361,700	+ 194,100	+ 126,400
6,197,800	...	6,197,800	—10,000	4,87,32,000	4,71,54,000	6,392,400	...	6,392,400	+ 184,600	+ 194,600
523,900	...	523,900	—2,800	29,000	79,60,000	532,600	...	532,600	+ 5,900	+ 8,700
4,964,000	...	4,964,000	+ 388,500	7,50,05,000	...	5,000,300	...	5,000,300	+ 494 800	+ 36,300
1,482,100	...	1,482,100	+ 49,200	1,26,94,000	1,01,22,000	1,521,000	...	1,521,000	+ 88,100	+ 38,900
1,741,000	700	1,741,700	—148,100	1,42,98,000	1,33,83,000	1,845,400	...	1,845,400	—44,400	+ 103,700
412,000	...	412,000	+ 20,900	49,000	64,00,000	429,900	...	429,900	+ 38,800	+ 17,900
558,600	...	558,600	— 39,900	92,65,000	...	617,700	...	617,700	+ 19,200	+ 59,100
47,199,500	700	47,200,200	—976,900	43,25,27,000	30,10,68,000	48,906,300	...	48,906,300	+ 729,200	+ 1,706,100
806,400	174,400	980,800	+ 29,800	93,98,000	40,61,000	897,300	117,300	1,014,600	+ 63,600	+ 33,800
1,833,500	...	1,833,500	+ 37,800	2,86,81,000	..	1,912,100	...	1,912,100	+ 116,400	+ 78,600
991,800	12,300	1,004,100	+ 12,200	1,54,93,000	...	1,032,900	5,000	1,037,900	+ 46,000	+ 33,800
438,000	...	438,000	+ 192,700	40,82,000	...	272,100	...	272,100	+ 26,800	—165,900
264,100	...	264,100	— 9,000	3,14,000	37,57,000	271,400	...	271,400	— 1,700	+ 7,300
247,800	....	247,800	—17,100	3,09,000	35,76,000	259,000	...	259,000	—5,900	+ 11,200
155,500	...	155,500	+ 5,100	1,20,000	20,62,000	145,500	...	145,500	—4,900	—10,000
139,700	...	139,700	—10,800	..	22,03,000	146,900	...	146,900	—3,600	+ 7,200
146,800	...	146,800	+ 3,400	27,000	24,02,000	161,900	...	161,900	+ 18,500	+ 15,100
56,200	900	57,100	—500	22,000	8,77,000	59,900	900	60,800	+ 3,200	+ 3,700
88,700	600	89,300	+ 5,500	1,60,000	12,58,000	94,500	600	95,100	+ 11,300	+ 5,800
1,098,800	1,500	1,100,300	—23,400	9,52,000	1,61,35,000	1,139,100	1,500	1,140,600	+ 16,900	+ 40,300
149,900	69,200	219,100	+ 23,000	13,18,000	5,80,000	126,500	68,600	195,100	—1,000	—24,000
88,900	...	88,900	+ 13,200	6,25,000	6,90,000	87,700	...	87,700	+ 12,000	—1,200
60,000	...	60,000	—73,300	...	...	...	...	...	—133,300	—60,000
276,200	9,800	286,000	—22,600	11,03,000	22,69,000	224,800	16,700	241,500	—67,100	—44,500
575,000	79,000	654,000	—59,700	30,46,000	35,39,000	439,000	85,300	524,300	—189,400	—129,700
27,427,300	200	27,427,500	+ 678,000	43,59,98,000	92,000	29,072,700	200	29,072,900	+ 2,323,400	+ 1,645,400
14,357,400	...	*14,357,400*	—1,193,300	*22,43,15,000*	*80,000*	*14,959,700*	...	*14,959,700*	—1,795,600	—602,300
424,700	...	*424,700*	—23,800	*65,40,000*	...	*436,000*	...	*436,000*	—35,100	—11,300
12,645,200	200	12,645,400	—539,100	20,51,43,000	12,000	13,677,000	200	13,677,200	+ 492,700	+ 1,031,800
225,300	...	225,300	—184,700	...	..	...	...	...	—410,000	—225,300
20,000	38,700	58,700	—1,600	2,82,000	...	18,800	33,500	52,300	— 8,000	— 6,400
12,890,500	38,900	12,929,400	—725,400	20,54,25,000	12,000	13,695,800	33,700	13,729,500	+ 74,700	+ 800,100
2,181,300	...	2,181,300	—37,900	1,47,43,000	2,06,17,000	2,357,300	...	2,357,300	+ 138,100	+ 176,000
1,031,800	...	1,031,800	+ 100	1,37,53,000	23,46,000	1,073,300	...	1,073,300	+ 41,600	+ 41,500
234,900	...	234,900	+ 64,900	8,42,000	23,03,000	209,700	...	209,700	+ 39,700	—25,200
3,448,000	..	3,448,000	+ 27,100	2,93,38,000	2,52,66,000	3,640,300	...	3,640,300	+ 219,400	+ 192,300
252,700	1,600	254,300	+ 11,200	3,57,000	33,11,000	244,500	...	244,500	+ 1,400	—9,800
550,100	346,100	896,200	—47,500	64,80,000	...	432,000	350,800	782,800	—160,900	—113,400
81,000	31,000	112,000	—8,100	10,71,000	...	71,400	27,000	98,400	—21,700	—13,60
631,100	377,100	1,008,200	—55,600	75,51,000	...	503,400	377,800	881,200	—182,600	—127,000
81,700	...	81,700	+ 11,500	11,82,000	...	78,800	...	78,800	+ 8,600	— 2,900
56,700	...	56,700	+ 7,900	8,50,000	...	56,700	...	56,700	+ 7,900	...
769,500	377,100	1,146,600	—36,200	95,83,000	...	638,900	377,800	1,016,700	—166,100	—129,900
70,303,700	685,300	70,989,200	—1,510,800	73,88,82,000	35,33,92,000	72,818,300	620,600	73,438,900	+ 938,900	+ 2,449,700

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1906-1907. India. (Rupee Figures.) Imperial.	India. (Rupee Figures.) Provincial.	Total India (converted into £ at R15=£1).	England.	Total.	REVISED India. (Rupee Figures.) Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	28,11,767	8,38,604	243,358	...	243,358	27,37,000	9,12,000
2.—Assignments and Compensations	86,37,369	93,09,439	1,196,454	...	1,196,454	87,24,000	93,81,000
Charges in respect of Collection, *viz.*:—							
3.—Land Revenue	71,46,556	4,31,50,430	3,353,132	790	3,353,922	76,87,000	4,51,33,000
4.—Opium (including cost of Production)	2,86,74,217	...	1,911,615	1,677	1,913,292	2,49,23,000	...
5.—Salt (including cost of Production)	54,32,405	14,381	363,119	1,370	364,489	54,60,000	...
6.—Stamps	2,72,137	10,17,361	85,966	100,300	186,266	2,85,000	10,76,000
7.—Excise	25,72,639	15,45,294	274,529	80	274,609	25,71,000	18,41,000
8.—Provincial Rates	142	66,137	4,419	...	4,419	...	86,000
9.—Customs	25,85,802	4,13,632	199,962	222	200,184	30,73,000	...
10.—Assessed Taxes	1,88,142	1,69,276	23,828	...	23,828	1,93,000	1,71,000
11.—Forest	83,91,691	57,01,461	939,543	9,323	948,866	87,58,000	59,56,000
12.—Registration	2,39,007	27,52,456	199,431	...	199,431	2,10,000	29,50,000
TOTAL	6,69,51,874	6,49,78,471	8,795,356	113,762	8,909,118	6,46,21,000	6,75,06,000
Interest—							
13.—Interest on Debt	3,62,06,429	92,90,203	3,033,109	4,870,244	7,903,353	3,65,51,000	1,00,74,000
Deduct—Amounts chargeable to Railways†	*3,78,07,002*	...	*2,520,467*	*3,027,943*	*5,548,410*	*4,02,70,000*	...
„ Amounts chargeable to Irrigation	*51,09,899*	*73,16,589*	*828,433*	*106,798*	*935,231*	*57,11,000*	*74,59,000*
Remainder chargeable on Ordinary Debt	—67,10,472	19,73,614	—315,791	1,735,503	1,419,712	—94,30,000	26,15,000
14.—Interest on other obligations	74,42,458	114	496,172	...	496,172	75,24,000	...
TOTAL	7,31,986	19,73,728	180,381	1,735,503	1,915,884	—19,06,000	26,15,000
15.—Post Office	2,31,03,709	...	1,540,247	62,686	1,602,933	2,48,38,000	...
16.—Telegraph	1,21,48,295	...	809,886	316,319	1,126,205	1,27,75,000	...
17.—Mint	19,58,645	...	130,577	36,321	166,898	20,00,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	85,93,438	1,00,78,973	1,244,827	280,008	1,524,835	86,62,000	1,06,10,000
19.—Law and Justice { Courts	9,81,429	3,71,19,024	2,540,030	466	2,540,496	8,52,000	3,78,31,000
19.—Law and Justice { Jails	19,43,474	1,07,01,736	843,014	90	843,104	19,72,000	1,09,35,000
20.—Police	21,60,186	5,08,34,881	3,533,005	1,700	3,534,705	23,12,000	5,44,28,000
21.—Ports and Pilotage	...	24,14,142	160,943	67	161,010	...	28,23,000
22.—Education	3,84,566	1,97,51,807	1,342,425	6,157	1,348,582	5,61,000	2,10,67,000
23.—Ecclesiastical	18,82,920	...	125,528	378	125,906	18,71,000	...
24.—Medical	6,59,882	1,13,97,127	803,801	12,587	816,388	7,03,000	1,18,68,000
25.—Political	1,50,90,413	7,53,297	1,056,247	3,786	1,060,033	1,10,39,000	11,00,000
26.—Scientific and other Minor Departments	52,59,585	42,84,503	636,272	55,027	691,299	56,06,000	48,58,000
TOTAL	3,69,55,893	14,73,35,490	12,286,092	360,266	12,646,358	3,35,78,000	15,55,20,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	33,77,795	...	225,187	10,460	235,647	34,48,000	...
28.—Civil Furlough and Absentee Allowances	4,686	...	312	243,015	243,327	5,000	...
29.—Superannuation Allowances and Pensions	11,00,518	1,30,41,625	942,810	2,004,949	2,947,759	11,45,000	1,35,88,000
30.—Stationery and Printing	14,92,199	64,37,889	528,673	115,320	643,993	22,12,000	66,79,000
32.—Miscellaneous	12,86,887	49,69,969	417,123	19,400	436,523	11,47,000	57,68,000
TOTAL	72,62,085	2,44,49,483	2,114,105	2,393,144	4,507,249	79,57,000	2,60,35,000
Famine Relief and Insurance—							
33.—Famine Relief	6,97,142	40,64,724	317,458	...	317,458	54,88,000	22,51,000
34.—Construction of Protective Railways	51,626	...	3,442	...	3,442	1,28,000	...
35.—Construction of Protective Irrigation Works	52,55,507	...	350,367	6,093	356,460	59,10,000	...
36.—Reduction or Avoidance of Debt	49,85,746	...	332,383	...	332,383	...	37,50,000
TOTAL	1,09,90,021	40,64,724	1,003,650	6,093	1,009,743	1,15,26,000	60,01,000
Carried over	16,01,02,508	24,28,01,896	26,860,294	5,024,094	31,884,388	15,53,89,000	25,76,77,000

	ACCOUNTS, 1906-1907. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.	REVISED ESTIMATE, 1907-1908. India. Amount in Rupees.	India. Equivalent in £ at R15=£1.	England.	Total.
† Included under the following heads :—	₹	£	£	£	₹	£	£	£
State Railways—Interest on Debt	3,41,50,247	2,276,683	2,763,302	5,039,985	3,63,72,000	2,420,800	2,841,300	5,262,100
Ditto —Interest chargeable against Companies on Advances	36,56,755	243,784	264,641	508,425	39,58,000	263,900	288,500	552,400
TOTAL	3,78,07,002	2,520,467	3,027,943	5,548,410	4,03,70,000	2,684,700	3,129,800	58,14 500

Revenues of India, in India and in England.

ESTIMATE, 1907-1908.			Increase+ Decrease — as compared with Budget Estimate, 1907-1908.	BUDGET ESTIMATE, 1908-1909.					Increase+ Decrease — of Budget, 1908-1909, as compared with Budget Estimate. 1907-1908.	Increase + Decrease — of Budget, 1908-1909, as compared with Revised Estimate, 1907-1908.
				INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
Total India (converted into £ at R15=£1).	England.	TOTAL.		Imperial.	Provincial.					
£	£	£	£	₹	₹	£	£	£	£	£
243,300	...	243,300	+ 21,800	26,30,000	9,05,000	235,700	...	235,700	+ 14,200	—7,600
1,207,900	...	1,207,000	+ 16,800	85,90,000	94,66,000	1,203,700	...	1,203,700	+ 13,500	—3,300
3,521,400	1,100	3,522,500	—1,900	38,81,000	4,97,31,000	3,574,100	700	3,574,800	+ 50,400	+ 52,300
1,661,500	1,700	1,663,200	— 141,600	2,22,96,000	...	1,486,400	1,200	1,487,600	—317,200	—175,600
364,000	300	364,300	—6,400	51,03,000	...	340,200	300	340,500	—30,200	—23,800
90,700	105,000	195,700	+ 4,500	2,86,000	11,06,000	92,800	120,000	212,800	+ 21,600	+ 17,100
294,100	100	294,200	—20,700	29,94,000	27,87,000	385,400	100	385,500	+ 70,600	+ 91,300
5,700	...	5,700	+ 1,900	...	93,000	6,200	...	6,200	+ 2,400	+ 500
204,900	600	205,500	—2,000	33,16,000	...	221,100	100	221,200	+ 13,700	+ 15,700
24,300	...	24,300	...	1,93,000	1,90,000	25,500	...	25,500	+ 1,200	+ 1,200
980,900	4,700	985,600	—85,300	82,58,000	73,92,000	1,043,400	6,900	1,050,300	—20,600	+ 64,700
210,700	...	210,700	+ 1,600	16,000	32,62,000	218,500	...	218,500	+ 9,400	+ 7,800
8,808,500	113,500	8,922,000	—211,300	5,75,63,000	7,49,32,000	8,833,000	129,300	8,962,300	—171,000	+ 40,300
3,108,300	4,991,500	8,099,800	+ 149,100	3,55,63,000	1,21,37,000	3,180,000	5,153,700	8,333,700	+ 383,000	+ 233,900
2,684,700	*3,129,800*	*5,814,500*	+ 450,400	*4,19,47,000*	...	*2,796,500*	*3,283,600*	*6,080,100*	+ 184,800	—265,600
878,000	*109,600*	*987,600*	+ 135,300	*47,89,000*	*90,30,000*	*921,200*	*111,400*	*1,032,600*	+ 90,300	—45,000
—454,400	1,752,100	1,297,700	+ 734,800	—1,11,73,000	31,07,000	—537,700	1,758,700	1,221,000	+ 658,100	—76,700
501,600	...	501,600	+ 100	77,08,000	...	513,800	...	513,800	+ 12,300	+ 12,200
47,200	1,752,100	1,799,300	+ 734,900	—34,65,000	31,07,000	—23,900	1,758,700	1,734,800	+ 670,400	—64,500
1,655,900	61,200	1,717,100	+ 27,300	2,63,85,000	...	1,759,000	56,600	1,815,600	+ 125,800	+ 98,500
851,700	238,800	1,090,500	+ 10,400	1,34,08,000	...	893,900	200,700	1,094,600	+ 14,500	+ 4,100
133,300	32,200	165,500	+ 14,700	17,50,000	...	116,700	31,000	147,700	—3,100	—17,800
1,284,800	337,600	1,622,400	+ 41,100	87,74,000	1,06,71,000	1,296,300	378,100	1,674,400	+ 93,100	+ 52,000
2,578,900	300	2,579,200	+ 49,400	8,46,000	3,80,78,000	2,594,900	500	2,595,400	+ 65,600	+ 16,200
860,500	1,800	862,300	+ 35,900	19,97,000	1,10,43,000	869,300	100	869,400	+ 43,000	+ 7,100
3,782,600	2,400	3,785,000	— 11,200	28,63,000	5,84,06,000	4,084,600	1,500	4,086,100	+ 289,900	+ 301,100
188,200	200	188,400	+ 400	...	30,64,000	204,300	100	204,400	+ 16,400	+ 16,000
1,441,900	7,700	1,449,600	—4,900	7,04,000	2,36,63,000	1,624,500	8,300	1,632,800	+ 178,300	+ 183,200
124,700	400	125,100	—6,800	19,35,000	...	129,000	400	129,400	— 2,500	+ 4,300
838,100	6,200	844,300	—1,800	8,26,000	1,58,73,000	1,113,300	11,000	1,124,300	+ 278,200	+ 280,000
809,200	5,700	814,900	—119,700	1,21,31,000	10,96,000	881,800	3,800	885,600	—49,000	+ 70,700
697,600	73,300	770,900	—19,900	58,28,000	56,03,000	762,100	73,400	835,500	+ 44,700	+ 64,600
12,606,500	435,600	13,042,100	—37,500	3,59,04,000	16,74,97,000	13,560,100	477,200	14,037,300	+ 957,700	+ 995,200
229,900	23,000	252,900	+ 15,000	33,81,000	...	225,400	10,500	235,900	—2,000	—17,000
300	339,000	339,300	+ 26,900	5,000	...	300	337,500	337,800	+ 25,400	— 1,500
982,200	2,024,000	3,006,200	—600	11,56,000	1,40,75,000	1,015,400	2,043,500	3,058,900	+ 52,100	+ 52,700
592,700	136,000	728,700	+ 84,200	15,78,000	67,52,000	555,300	109,300	664,600	+ 20,100	—64,100
461,000	39,700	500,700	+ 32,900	9,86,000	34,21,000	293,800	29,000	322,800	—145,000	—177,900
2,266,100	2,561,700	4,827,800	+ 158,400	71,06,000	2,42,48,000	2,090,200	2,529,800	4,620,000	—49,400	—207,800
516,000	...	516,000	+ 455,900	80,51,000	51,56,000	880,500	...	880,500	+ 820,400	+ 364,500
8,500	...	8,500	+ 6,200	11,000	...	700	...	700	—1,600	—7,800
394,000	13,500	407,500	—59,200	58,65,000	...	391,000	9,000	400,000	—66,700	—7,500
250,000	...	250,000	—220,700	...	37,50,000	250,000	...	250,000	—220,700	...
1,168,500	13,500	1,182,000	+ 182,200	1,39,27,000	89,06,000	1,522,200	9,000	1,531,200	+ 531,400	+ 349,200
27,537,700	5,208,600	32,746,300	+ 879,100	15,25,78,000	27,86,90,000	28,751,200	5,192,300	33,943,500	+ 2,076,300	+ 1,197,200

BUDGET ESTIMATE, 1908-1909			
INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at R15=£1.		
₹	£	£	£
3,77,63,000	2,517,500	2,995,100	5,512,600
41,85,000	279,000	288,500	567,500
4,19,47,000	2,796,500	3,283,600	6,080,100

B.—*Statement of the Expenditure charged to the*

HEADS OF EXPENDITURE.	ACCOUNTS, 1906-1907.					REVISED
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)
	Imperial.	Provincial.				Imperial.	Provincial.
	₹	₹	£	£	£	₹	₹
Brought forward	16,01,02,508	24,28,01,896	26,860,294	5,024,094	31,884,388	15,53,89,000	25,76,77,000
Railways—							
38.—State Railways: Interest on Debt	3,41,50,247	...	2,276,683	2,763,302	5,039,985	3,63,12,000	...
Annuities in purchase of Railways	...	...	...	2,869,366	2,869,366	...	...
Sinking Funds	...	...	...	148,896	148,896	...	...
Interest chargeable against Companies on Advances	36,56,755	...	243,784	264,641	508,425	39,58,000	...
Interest on Capital deposited by Companies	5,99,118	...	39,941	1,369,081	1,409,022	12,20,000	...
39.—Guaranteed Companies: Surplus Profits, Land, and Supervision	6,25,535	...	41,702	...	41,702	2,95,000	...
Interest	...	...	...	584,751	584,751	57,000	...
40.—Subsidized Companies: Land, etc.	4,31,378	86,009	34,493	...	34,493	2,48,000	51,000
41.—Miscellaneous Railway Expenditure	5,84,037	8,613	39,510	...	39,510	11,59,000	18,000
TOTAL	4,00,47,070	94,622	2,676,113	8,000,037	10,676,150	4,32,49,000	69,000
Irrigation—							
42.—Major Works: Working Expenses	67,11,764	74,57,723	944,632	...	944,632	72,71,000	75,03,000
Interest on Debt	51,09,899	73,16,589	828,433	106,798	935,231	57,11,000	74,59,000
43.—Minor Works and Navigation	27,55,566	1,00,97,904	856,898	...	856,898	27,59,000	1,01,54,000
TOTAL	1,45,77,229	2,48,72,216	2,629,963	106,798	2,736,761	1,57,41,000	2,51,16,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	13,432	895	...	895	...	17,000
45.—Civil Works	98,05,718	5,45,42,760	4,289,899	68,758	4,358,657	1,07,89,000	5,83,54,000
TOTAL	98,05,718	5,45,56,192	4,290,794	68,758	4,359,552	1,07,89,000	5,83,71,000
Military Services—							
46.—Army: Effective	20,19,69,620	...	13,464,641	3,092,900	16,557,541	20,12,04,000	...
Non-Effective	1,01,16,965	...	674,464	2,425,840	3,100,304	99,60,000	...
	21,20,86,585	...	14,139,105	5,518,740	19,657,845	21,11,64,000	...
46A.—Marine	41,33,693	...	275,579	386,789	662,368	36,89,000	...
47.—Military Works	1,60,28,916	...	1,068,594	58,921	1,127,515	1,60,00,000	...
47 A.—Special Defences (1902)	14,11,302	...	94,087	44,271	138,358	14,35,000	...
TOTAL	23,36,60,496	...	15,577,365	6,008,721	21,586,086	23,22,88,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,81,93,021	32,23,24,926	52,034,529	19,208,408	71,242,937	45,74,56,000	34,12,33,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	74,13,096	494,206	...	494,206	...	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	*27,29,478*	*181,964*	...	*181,964*	...	*1,54,06,000*
Total Expenditure charged to Revenue	45,81,93,021	32,70,08,544	52,346,771	19,208,408	71,555,179	45,74,56,000	32,58,27,000

	ACCOUNTS, 1906-1907.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at R15=£1.		
Capital Expenditure not charged to Revenue—	₹	£	£	£
48.—State Railways	8,04,50,245	5,363,350	2,551,691	7,915,041
49.—Irrigation Works	1,07,73,884	718,259	79,368	797,627
TOTAL	9,12,24,129	6,081,609	2,631,059	8,712,668
50.—Redemption of Liabilities	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1907-1908.			Increase + Decrease — as compared with Budget Estimate, 1907-1908.	BUDGET ESTIMATE, 1908-1909.					Increase + Decrease — of Budget, 1908-1909, as compared with Budget Estimate, 1907-1908.	Increase + Decrease — of Budget, 1908-1909, as compared with Revised Estimate, 1907-1908.
				INDIA. (RUPEE FIGURES.)						
Total India (converted into £ at R15=£1).	England.	TOTAL.		Imperial.	Provincial.	Total India (converted into £ at R15=£1).	England.	TOTAL.		
£	£	£	£	₹	₹	£	£	£	£	£
27,537,700	5,208,600	32,746,300	+879,100	15,25,78,000	27,86,90,000	28,751,200	5,192,300	33,943,500	+2,076,300	+1,197,200
2,420,800	2,841,300	5,262,100	—455,800	3,77,62,000	...	2,517,500	2,995,100	5,512,600	—204,800	+250,500
...	2,869,400	2,869,400	...	...	...	...	3,268,200	3,268,200	+398,800	+398,800
...	154,100	154,100	+ 200	...	...	...	159,600	159,600	+5,700	+5,500
263,900	288,500	552,400	+4,900	41,85,000	...	279,000	288,500	567,500	+20,000	+15,100
81,300	1,383,500	1,464,800	—45,700	15,26,000	...	101,700	1,592,000	1,693,700	+183,200	+228,900
19,700	...	19,700	—11,100	...	...	...	...	...	—30,800	—19,700
3,800	576,600	580,400	—7,100	...	...	...	...	...	—587,500	—580,400
19,900	...	19,900	—23,500	9,99,000	22,000	68,100	...	68,100	+24,700	+48,200
78,500	...	78,500	+25,500	7,79,000	21,000	53,300	...	53,300	+300	—25,200
2,887,900	8,113,400	11,001,300	—512,100	4,52,51,000	43,000	3,019,600	8,303,400	11,323,000	—190,400	+321,700
984,900	...	984,900	+52,800	62,54,000	83,92,000	976,400	...	976,400	+44,300	—8,500
878,000	109,600	987,600	—135,300	47,89,000	90,30,000	921,200	111,400	1,032,600	—90,390	+45,000
860,900	...	860,900	—104,800	34,27,000	1,02,04,000	908,800	...	908,800	—56,900	+47,900
2,723,800	109,600	2,833,400	—187,300	1,44,70,000	2,76,26,000	2,806,400	111,400	2,917,800	—102,900	+84,400
1,100	...	1,100	+800	...	4,000	300	...	300	...	—800
4,609,500	68,700	4,678,200	+115,600	1,09,85,000	5,49,03,000	4,392,600	60,900	4,453,500	—109,100	—224,700
4,610,600	68,700	4,679,300	+116,400	1,09,85,000	5,49,09,000	4,392,900	60,900	4,433,800	—109,100	—225,500
13,413,600	2,223,300	15,636,900	—575,600	20,54,10,000	...	13,694,000	2,130,100	15,824,100	—388,400	+187,200
664,000	2,453,700	3,117,700	—20,700	1,01,91,000	...	679,400	2,469,000	3,148,400	+10,000	+30,700
14,077,600	4,677,000	18,754,600	—596,300	21,56,01,000	...	14,373,400	4,599,100	18,972,500	—378,400	+217,900
245,900	267,600	513,500	—9,900	36,97,000	...	246,500	226,800	473,300	—50,100	—40,200
1,066,700	67,500	1,134,200	—124,900	1,74,46,000	...	1,163,100	36,100	1,199,200	—59,900	+65,000
95,700	22,500	118,200	—27,500	4,55,000	...	30,300	79,100	109,400	—36,300	—8,800
15,485,900	5,034,600	20,520,500	—758,600	23,71,99,000	...	15,813,300	4,941,100	20,754,400	—524,700	+233,900
53,245,900	18,534,900	71,780,800	—462,500	46,04,83,000	36,12,68,000	54,783,400	18,609,100	73,392,500	+1,149,200	+1,611,700
...	...	...	...	...	12,67,000	84,500	...	84,500	—7,200	+501,900
1,027,000	...	1,027,000	—509,100	...	91,43,000	609,600	...	609,600		
52,218,900	18,534,900	70,753,800	—971,600	46,04,83,000	35,33,92,000	54,258,300	18,609,100	72,867,400	+1,142,000	+2,113,600

REVISED ESTIMATE, 1907-1908.				BUDGET ESTIMATE, 1908-1909.			
INDIA.				INDIA.			
Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.	Amount in Rupees.	Equivalent in £ at R15=£1.	England.	Total.
₹	£	£	£	₹	£	£	£
8,98,36,000	5,989,100	2,264,800	8,253,900	8,23,52,000	5,490,100	3,065,000	8,555,100
1,17,25,000	781,700	85,000	866,700	1,45,79,000	971,900	28,100	1,000,000
10,15,61,000	6,770,800	2,349,800	9,120,600	9,69,31,000	6,462,000	3,093,100	9,555,100
...	...	2,144,800	2,144,800	...	...	...	...

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1906-1907.			Revised Estimate, 1907-1908.			Budget Estimate, 1908-1909.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	72,270,089	874,465	73,144,554	70,303,700	685,500	70,989,200	72,818,300	620,600	73,438,900
Excess of Revenue over Expenditure charged to Revenue			**1,589,375**			**235,400**			**571,500**
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	...	...	...	1,895,900	...	1,895,900	3,900,000	...	3,900,000
Profits on Rupee coinage appropriated to Railway Construction	...	...	...	1,127,000	...	1,127,000	666,700	...	666,700
Outlay of Railway Companies—									
Repayments	613,653	1,557	615,210	1,271,600	1,500	1,273,100	...	500	500
Net			0			0			0
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital	48,267	84	48,351	8,600	1,382,000	1,390,600	13,900	2,420,600	2,434,500
Net			0			**352,100**			**1,013,900**
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	2,000,000		...	7,754,000		...	746,000	
Madras Railway Debenture	...	...		...	2,144,800		...	...	
Rupee Debt—									
Rupee Loan	3,000,000	...		1,666,700	...		2,000,000	...	
Total	3,000,000	2,000,000	5,000,000	1,666,700	9,898,800	11,565,500	2,000,000	746,000	2,746,000
Net			**4,166,102**			**10,846,800**			**1,795,600**
Temporary Debt Incurred—									
Temporary Loans	2,535,000	...	2,535,000	...	1,000,000	1,000,000	...	2,500,000	2,500,000
Net			0			**1,000,000**			**500,000**
Unfunded Debt—									
Deposits of Service Funds	98,507	...		96,700	...		96,500	...	
Savings Bank Deposits	4,440,380	...		4,359,900	...		4,424,400	...	
Total	4,538,887	...	4,538,887	4,456,600	...	4,456,600	4,520,900	...	4,520,900
Net			**737,317**			**513,400**			**453,500**
Deposits and Advances—									
Balances of Provincial Allotments	494,206	...		...	...		84,500	...	
Appropriation for Reduction or Avoidance of Debt	332,383	...		250,000	...		250,000	...	
Deposits of Local Funds—									
District Funds	3,402,334	...		3,502,500	...		3,641,300	...	
Other Funds	785,601	...		799,100	...		800,000	...	
Railway Funds	24,743	...		17,200	...		...	...	
Deposits of Sinking Funds	11,119	...		11,500	... (a)		12,000	...	
Gold Standard Reserve	4,014,426	3,353,481		1,127,000	4,836,800		666,700	3,411,400	
Currency Reserve. Bonds drawn	...	31,726		...	69,700		...	50,600	
Currency Reserve. Gold transferred	...	1,045,000		...	...		...	...	
Departmental and Judicial Deposits	21,990,348	...		23,013,100	...		22,844,200	...	
Advances	5,018,647	17,063		5,289,700	103,900		3,931,700	11,100	
Suspense Accounts	47,023	...		238,700	...		6,500	...	
Exchange on Remittance Accounts, net	...	...		7,000	...		...	...	
Miscellaneous	15,633	2,456		3,700	...		...	4,000	
Total	36,136,463	4,449,726	40,586,189	34,259,500	5,010,400	39,269,900	32,236,900	3,477,100	35,714,000
Net			**955,167**			0			0
Carried over	119,142,359	7,325,832		114,98,6900	17,978,200		116,156,700	9,764,800	

(a) Includes £530,000 remitted from India by means of Council Bills.

Government of India, in India and in England.

	Accounts, 1906-1907.			Revised Estimate, 1907-1908.			Budget Estimate, 1908-1909.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	52,034,529	19,208,408	71,242,937	53,245,900	18,534,900	71,780,800	54,783,400	18,609,100	73,392,500
Add—Provincial Surpluses transferred to "Deposits"	494,206	...	494,206	...	...	...	84,500	...	84,500
Deduct—Provincial Deficits charged to "Deposits"	*181,964*	...	*181,964*	*1,027,000*	...	*1,027,000*	*609,600*	...	*609,600*
Total	52,346,771	19,208,408	71,555,179	52,218,900	18,534,900	70,753,800	54,258,300	18,609,100	72,867,400
Railway and Irrigation Capital not charged to Revenue—									
Outlay on Irrigation Works	718,259	79,368	797,627	781,700	85,000	866,700	971,900	28,100	1,000,000
Outlay on State Railways	5,363,350	2,551,691	7,915,041	5,989,100	2,264,800	8,253,900	5,490,100	3,065,000	8,555,100
Capital charge involved in redemption of Liabilities—									
Madras Railway	...	...	...	...	2,144,800	2,144,800	...	...	...
Outlay of Railway Companies—									
Payments for Capital outlay	1,116,614	1,265,549	2,382,163	1,078,000	2,028,600	3,106,600	— 185,000	1,647,300	1,462,300
Net			1,766,953			1,833,500			1,461,800
Raised and deposited by Railway Companies—									
Payments for discharge of Debentures	...	302,791	302,791	...	1,038,500	1,038,500	...	1,420,600	1,420,600
Net			254,440			0			0
Permanent Debt Discharged—									
Sterling Debt—									
Madras Railway Debentures.	...	...		...	134,700		...	...	
B. B. C. I. Railway Debentures	...	749,900		...	500,000		...	865,800	
Rupee Debt—									
4 p. c. Loans	83,384	...		82,700	...		83,300		
3½ p. c. Loans	554	...		600	...		700	...	
Stock Notes	...	...		...	...		300	...	
Provincial Debentures	60	...		700	...		300	...	
Total	83,998	749,900	833,898	84,000	634,700	718,700	84,600	865,800	950,400
Net			0			0			0
Temporary Debt Discharged—									
Temporary Loans	2,535,000	...	2,535,000	...	...	...	...	2,000,000	2,000,000
Net			0			0			0
Unfunded Debt—									
Special Loans	213	...		400	...		200	...	
Deposits of Service Funds	87,364	...		90,100	...		91,900	...	
Savings Bank Deposits	3,713,993	...		3,852,700	...		3,975,300	...	
Total	3,801,570	...	3,801,570	3,943,200	...	3,943,200	4,067,400	...	4,067,400
Net			0						0
Deposits and Advances—									
Balances of Provincial Allotments	181,964	...		1,027,000	...		609,600	...	
Deposits of Local Funds—									
District Funds	3,199,815	...		3,402,800	...		3,620,300	...	
Other Funds	796,270	...		780,700	...		790,000	...	
Railway Funds	17,508	...		80,200	...		...	...	
Gold Standard Reserve	4,000,000	3,353,481		1,428,300	4,501,200		666,700	3,417,000	
Currency Reserve: sums invested	...	31,726		...	69,700		...	50,600	
Do. Gold transferred	1,045,000	...		...	...		...	...	
Departmental and Judicial Deposits	21,608,615	...		22,731,800	...		22,818,400	...	
Advances	4,468,657	257,937		5,229,200	52,900		3,765,300	7,100	
Suspense Accounts	634,423	...		19,400	...		3,500	...	
Exchange on Remittance Accounts	15,938	...		...	...		...	...	
Miscellaneous	19,613	75		...	200		900	...	
Total	35,987,803	3,643,219	39,631,022	34,699,400	4,624,000	39,323,400	32,274,700	3,474,700	35,749,400
Net			0			53,500			35,400
Carried over	101,953,365	27,800,926		98,794,300	31,355,300		96,962,000	31,110,600	

C.—*Statement of Receipts and Disbursements of the*

	Accounts, 1906-1907.			Revised Estimate, 1907-1908.			Budget Estimate, 1908-1909.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . .	119,142,359	7,325,832		114,989,600	17,978,200		116,156,700	9,764,800	
Loans and Advances by Imperial Government .	336,504	...	336,504	541,800	...	541,800	244,300	...	244,300
Net .			0			411,800			0
Loans and Advances by Provincial Governments	610,654	...	610,654	694,300	...	694,300	1,621,500	...	1,621,500
Net .			0			0			0
Capital account of Local Boards.	64,235	...	64,235	37,700	...	37,700	...	...	...
Net .			1,587			1,700			0
Remittances—									
Inland Money Orders .	25,812,013	...		27,333,300	...		29,000,000	...	
Other Local Remittances	...	...		341,100	...		344,700	...	
Other Departmental Accounts . .	371,304	...		830,500	...		294,400	...	
Net Receipts by Civil Treasuries from—									
Post Office . .	552,361	...		646,800	...		409,500	...	
Guaranteed Railways	603,042	...		370,600	...		...	...	
Public Works . .	3,249,662	...		4,254,200	...		7,176,300	...	
Net Receipts from Civil Treasuries by—									
Telegraph . .	149,443	...		166,100	...		166,100	...	
Marine . . .	178,135	...		212,100	...		226,700	...	
Military . . .	12,987,427	...		13,116,700	...		13,510,900	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	3,625,000	1,650,000		1,100,000	3,325,000		...	1,500,000	
Purchase of silver .	12,633,218	...		4,573,500	...		...	...	
Railway transactions .	2,129,807	3,794		3,225,000	1,901,300		5,060,900	4,653,500	
Other „ .	758,240	890,019		827,900	1,026,200		1,310,000	789,200	
Total .	63,049,652	2,543,813	65,593,465	56,997,800	6,252,500	63,250,300	57,499,500	6,942,700	64,442,200
Net .			499,437			0			51,200
Secretary of State's Bills drawn	...	32,907,196	32,907,196	...	(a) 15,814,000	15,814,000	...	18,500,000	18,500,000
Total Receipts .	183,203,404	42,776,841		173,261,200	40,044,700		175,522,000	35,207,500	
Opening Balance .	11,781,457	8,436,519		10,328,237	5,606,812		12,640,237	5,115,012	
GRAND TOTAL .	194,984,861	51,213,360		183,589,437	45,651,512		188,162,237	40,322,512	

(a) In addition to £530,000 for remittance of the Gold Standard Reserve.

M. BHATTACHARYA,
Deputy Comptroller General.

Fort William,
Finance Department;
March 20, 1908.

Government of India, in India and in England—continued.

	Accounts, 1906-1907.			Revised Estimate, 1907-1908.			Budget Estimate, 1908-1909.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	101,953,365	27,800,926		98,794,300	31,355,300		96,962,000	31,110,600	
Loans and Advances by Imperial Government .	340,755	...	340,755	130,000	...	130,000	415,700	...	415,700
Net .			4,251			0			171,400
Loans and Advances by Provincial Governments	1,192,084	...	1,192,084	2,511,300	...	2,511,300	1,657,300	...	1,657,300
Net .			581,430			1,817,000			35,800
Capital Account of Local Boards . . .	62,648	...	62,648	36,000	...	36,000	...	...	...
			0			0			0
Remittances—									
Inland Money Orders .	25,769,126	...		27,353,300	..		29,000,000	...	
Other Local Remittances	2,901	...		339,700	...		344,700	...	
Other Departmental Accounts . .	364,007	...		830,500	...		294,400	...	
Net payments into Civil Treasuries by—									
Post Office . .	608,889	...		590,300	...		409,500	...	
Guaranteed Railways	603,042	...		370,600	...		...	...	
Public Works . .	2,954,778	...		4,621,900	...		7,176,300	...	
Net Issues from Civil Treasuries to—									
Telegraph . . .	152,234	...		166,100	...		166,100	...	
Marine . . .	178,971	...		212,100	...		226,700	...	
Military . . .	12,987,427	...		13,116,700	...		13,510,900	...	
Remittance Account between England and India—									
Transfers through Paper Currency Reserve . .	2,600,000	2,775,000		3,500,000	925,000		1,500,000	...	
Purchase of Silver .	4,277	12,370,929		...	4,516,300		...	...	
Railway transactions .	437	2,133,164		1,901,300	3,225,000		4,653,500	5,060,900	
Other ,,	1,062,317	526,529		1,257,500	514,900		1,656,000	392,000	
Total .	47,288,406	17,805,622	65,094,028	54,260,000	9,181,200	63,441,200	58,938,100	5,452,900	64,391,000
Net .			0			190,900			0
Secretary of State's Bills paid	33,819,366	...	33,819,366	(a) 15,217,600	...	15,217,600	17,989,000	...	17,989,000
Total Disbursements .	184,656,624	45,606,548		170,949,200	40,536,500		175,962,100	36,563,500	
Closing Balance .	10,328,237	5,606,812		12,640,237	5,115,012		12,200,137	3,759,012	
GRAND TOTAL .	194,984,861	51,213,360		183,589,437	45,651,512		188,162,237	40,322,512	

(a) In addition to £530,000 for payment from the Gold Standard Reserve.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

D.—*Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.*

Provincial Balances.

	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at ₹15 = £1.
Accounts, 1906-1907.	₹	₹	₹	₹	₹	₹	₹	₹	₹	£
Balance at end of 1905-1906 . .	40,35,120	42,92,149	63,50,164	1,12,61,898	47,91,467	60,67,740	88,09,531	80,66,214	5,36,74,283	3,578,285
Added in 1906-1907 .	17,52,134	18,90,516	...	...	7,95,747	...	12,17,745	17,56,954	74,13,096	494,206
Spent in 1906-1967 .	...	...	1,98,541	18,77,455	...	6,53,482	...	...	27,29,478	181,964
Balance at end of 1906-1907 . .	57,87,254	61,82,665	61,51,623	93,84,443	55,87,214	54,14,258	1,00,27,276	98,23,168	5,83,57,901	3,890,527
Revised Estimate, 1907-1908.										
Balance at end of 1906-1907 . .	57,87,254	61,82,665	61,51,623	93,84,443	55,87,214	54,14,258	1,00,27,276	98,23,168	5,83,57,901	3,890,527
Added in 1907-1908 .	...	...	...	...	...	...	...	...	...	...
Spent in 1907-1908 .	8,34,000	30,95,000	21,57,000	22,52,000	35,89,000	19,44,000	2,51,000	12,84,000	1,54,06,000	1,027,000
Balance at end of 1907-1908 . .	49,53,254	30,87,665	39,94,623	71,32,443	19,98,214	34,70,258	97,76,276	85,39,168	4,29,51,901	2,863,527
Budget Estimate, 1908-1909.										
Balance at end of 1907-1908 (including balances of absorbed Funds) . . .	49,60,796	30,87,665	39,99,215	71,32,589	20,00,132	35,15,712	97,76,276	85,85,280	4,30,57,665	2,870,578
Added in 1908-1909 .	...	...	...	...	...	2,47,000	10,20,000	...	12,67,000	84,500
Spent in 1908-1909 .	16,37,000	18,88,000	23,67,000	7,42,000	20,00,000	...	...	5,09,000	91,43,000	609,600
Balance at end of 1908-1909 . .	33,23,796	11,99,665	16,32,215	63,90,589	132	37,62,712	1,07,96,276	80,76,280	3,51,81,665	2,345,478

M. BHATTACHARYA,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 20, 1908.

E.—*Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.*

REVENUE AND EXPENDITURE.	Accounts, 1906-1907.					Revised Estimate, 1907-1908.		Budget Estimate, 1908-1909.	
	Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		Refunds and Assignments.	Cost of Collection and Production.						
	£	£	£	£	£	£	£	£	£
Revenue Heads.									
Land Revenue (excluding that due to Irrigation)	19,793,791	726,959	3,353,922	15,712,910		14,258,700		15,649,900	
Opium	5,660,528	3,463	1,913,292	3,743,773		3,556,100		3,351,700	
Salt	4,362,706	267,533	364,489	3,730,684		2,702,200		2,789,400	
Stamps	4,029,908	44,202	186,266	3,799,440		3,993,000		4,102,600	
Excise	5,898,219	62,757	274,609	5,560,853		5,837,400		5,940,900	
Provincial Rates	536,671	1,886	4,419	510,366		517,300		525,500	
Customs	4,351,692	119,193	200,184	4,032,315		4,651,500		4,672,800	
Assessed Taxes	1,423,787	7,460	23,828	1,392,499		1,450,400		1,488,300	
Forest	1,768,911	5,284	948,866	814,761		751,400		790,000	
Registration	379,736	845	199,431	179,460		199,900		210,300	
Tributes	600,986	200,230	...	400,756		360,300		422,600	
Principal Heads of Revenue. Total	48,786,935	1,439,812	7,469,306	39,877,817		38,278,200		39,944,000	
Total deduction from Revenue		8,909,118							
Expenditure Heads.									
Debt Services. Interest	972,193	1,915,884			943,691		818,500		720,200
Commercial Services. Post Office	1,751,146	1,602,933		148,213		116,400		96,500	
Commercial Services. Telegraph	953,006	1,126,205			173,199		86,400		56,700
Commercial Services. Railways	12,983,823	10,676,150		2,307,673		1,928,100		2,406,500	
Commercial Services. Irrigation	3,532,917	2,736,761		796,156		614,600		722,500	
Other Public Works. Civil works, &c.	287,863	4,359,552			4,071,689		4,425,000		4,209,300
Mint. Mint	419,498	166,898		252,600		272,500		124,400	
Civil Departments. Civil Departments	1,100,829	12,646,358			11,545,529		11,941,800		12,896,700
Miscellaneous Civil Services. Superannuation	191,887	2,947,759			2,755,872		2,787,100		2,863,800
Miscellaneous Civil Services. Exchange	190,022	...		190,022		60,000	...		...
Miscellaneous Civil Services. Miscellaneous	478,947	436,523		42,424			214,700		81,300
Miscellaneous Civil Services. Other heads	78,745	1,122,967			1,044,222		1,232,000		1,150,600
Famine Relief and Insurance. Famine Relief	...	317,458			317,458		516,000		880,500
Famine Relief and Insurance. Other heads	...	692,285			692,285		666,000		650,700
Military Services. Army. Effective	1,095,514	16,557,541			15,462,027		14,740,700		15,041,300
Military Services. Army. Non-effective	122,055	3,100,304			2,978,249		3,005,700		3,050,000
Military Services. Marine	148,175	662,368			514,193		431,800		394,500
Military Services. Military works	50,999	1,127,515			1,076,516		1,077,500		1,142,500
Military Services. Special Defences (1902)	...	138,358			138,358		118,200		109,400
Total	73,144,554	71,242,937		1,901,617			791,600	46,400	
Provincial Adjustment. Surplus		312,242			312,242				
Provincial Adjustment. Deficit		...				1,027,000		525,100	
Total	73,144,554	71,555,179		1,589,375		235,400		571,500	
Surplus				1,589,375		235,400		571,500	
Capital Account. Railway and Irrigation Capital not charged to Revenue:—									
Capital raised through Companies towards outlay on State Railways (net)				...		1,895,900		3,900,000	
Profits on Rupee coinage appropriated for Railway Construction				...		1,127,000		666,700	
Capital raised and deposited by Railway Companies (net)					254,440	352,100		1,013,900	
Outlay on Irrigation Works					797,627		866,700		1,000,000
Outlay on State Railways					7,915,041		8,253,900		8,555,100
Outlay of Railway Companies (net)					1,766,953		1,833,500		1,461,800
Capital involved in Redemption of Railway Liabilities					...		2,144,800		...
Debt, Deposits, Advances, and Remittances. Permanent Debt (net)				4,166,102		10,846,800		1,795,600	
Debt, Deposits, Advances, and Remittances. Temporary Debt (net)				...		1,000,000		500,000	
Debt, Deposits, Advances, and Remittances. Unfunded Debt (net)				737,317		513,400		453,500	
Debt, Deposits, Advances, and Remittances. Loans and Advances by Imperial Government (net)					4,251	411,800			171,400
Debt, Deposits, Advances, and Remittances. Loans and Advances by Provincial Governments (net)					581,430		1,817,000		35,800
Debt, Deposits, Advances, and Remittances. Capital Account of Local Boards (net)				1,587		1,700			
Debt, Deposits, Advances, and Remittances. Deposits and Advances (net)				955,167			53,500		35,400
Debt, Deposits, Advances, and Remittances. Remittances (net)				499,437			190,900	51,200	
Debt, Deposits, Advances, and Remittances. Secretary of State's Bills drawn (net)				32,907,196		15,814,000		18,500,000	
Debt, Deposits, Advances, and Remittances. Secretary of State's Bills paid (net)					33,819,366		15,217,600		17,989,000
				40,856,181	45,139,108	32,198,100	30,377,900	27,452,400	29,248,500
Cash Balance. Opening Balance (net)				20,217,976		15,935,049		17,755,249	
Cash Balance. Closing Balance (net)					15,935,049		17,755,249		15,959,149
Total				61,074,157	61,074,157	48,133,149	48,133,149	45,207,649	45,207,649

M. BHATTACHARYA,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 20, 1908.

APPENDIX II.

Memorandum by the Joint Secretary, Military Finance, on Military expenditure in the years 1907-1908 and 1908-1909.

This memorandum is concerned with the expenditure both Special and Ordinary incurred in England and India under the four Budget heads "46—Army," "46A—Marine," "47—Military Works," and "47A—Special Defences."

2. Special expenditure consists of outlay on—

(1) Measures connected with Lord Kitchener's scheme for the Reorganisation and Redistribution of the Army.

(2) Other special measures for the improvement of military administration which had been initiated prior to the year 1904-1905. In this case the expenditure on such measures is treated as Special only to the extent by which it exceeds the budget provision made in 1904-1905.

(3) All expenditure connected with the scheme for the re-armament and improvement of coast and frontier defences.

(4) All other new measures which add appreciably to military expenditure. If the maximum cost of such a new measure, adding the full amount of recurring expenditure in any one year to the initial outlay, exceeds ₹20,000 (or ₹50,000 in the case of buildings), the cost is debited to the grant for Special expenditure.

The balance of military expenditure outside special outlay of these descriptions is classed as Ordinary.

1.—REVISED ESTIMATE, 1907-1908.

A.—SPECIAL EXPENDITURE.

3. The following table shows the provision for Special expenditure in the Budget of the current year and the probable expenditure of the year as now estimated :— *1907-1908. Special Expenditure. Budget and Revised compared.*

	Budget, 1907-1908.		Revised Estimate, 1907-1908.		Budget *minus* Revised.
Army—	₹	£	₹	£	£
Home	18,28,000	121,800	12,99,000	86,600	
India	1,55,56,000	1,037,100	1,09,80,000	732,000	
Total	1,73,84,000	1,158,900	1,22,79,000	818,600	340,300
Marine—					
Home	10,78,000	71,900	6,14,000	40,900	
India	2,23,000	14,900	2,62,000	17,400	
Total	13,01,000	86,800	8,76,000	58,300	28,500
Military Works—					
Home	...	...	2,60,000	17,300	
India	88,80,000	592,000	67,46,000	449,800	
Total	88,80,000	592,000	70,06,000	467,100	124,900
Special Defences—					
Home	3,00,000	20,000	3,38,000	22,500	
India	18,85,000	125,700	14,35,000	95,700	
Total	21,85,000	145,700	17,73,000	118,200	27,500
Total under all heads—					
Home	32,06,000	213,700	25,11,000	167,300	
India	2,65,44,000	1,769,700	1,94,23,000	1,294,900	
GRAND TOTAL	2,97,50,000	1,983,400	2,19,34,000	1,462,200	521,200

1907-1908. Special Expenditure —(contd.)

Amount of Special grant.

4. The Special grant was reduced in 1907-1908 from 3¼ crores (£2,166,700) the amount which it was originally intended to provide annually for the financing of the schemes of Reorganisation and Redistribution and other measures involving special expenditure, to 250 lakhs (£1,666,700) supplemented by an addition of 47½ lakhs (£316,700) on account of large lapses which had occurred in the previous year. The amount which will be spent during the current year is now estimated at 219⅓ lakhs (£1,462,200) or a little over 78 lakhs (£521,200) less than the provision made in the Budget.

Allocation of lapse :—

(i) Special Defences.

5. The whole of this lapse with the exception of about 7 lakhs (£46,400) has occurred in India. It includes under *Special Defences* a saving of 4 lakhs (£27,500) due to the postponement of work pending the reconsideration of certain questions relating to the armament of the sea-ports.

(ii) Marine.

A lapse of 4¼ lakhs (£28,500) occurred under *Marine*, owing to the suspension of the construction of the *Irrawaddy*, and to part payment for the new vessel to replace the *Investigator* having been made in England at the end of 1906-1907, instead of in the current year.

(iii) Military Works.

6. The decrease under *Military Works* amounted to 18¾ lakhs (£124,900), and was almost entirely due to delay in initiating a number of measures forming part of the Redistribution scheme: particularly those relating to Quetta and Nowshera, and to the provision of accommodation for Artillery officers and units, the construction of which was deferred in consequence of the delay in proceeding with the schemes mentioned in the next paragraph.

(iv) Army.

7. The decrease under *Army* amounted to 51 lakhs (£340,300), and was mainly due to smaller expenditure than had been anticipated on the following measures :—

(1) Reorganisation of Horse and Field Batteries and Ammunition Columns.
As explained in the Memorandum on Military Expenditure attached to the Financial Statement for 1907-1908, this scheme was modified on the advice of the Army Council. The details have only been recently settled, and meanwhile it has been necessary to defer a portion of the intended expenditure.

(2) Rearmament of Horse and Field Artillery.
The short expenditure on this measure was partly due to the output of the Ordnance Factories being less than was anticipated.

(3) Conversion of two bullock draught Heavy Batteries into fully horsed Batteries.
Progress with this measure has been delayed with reference to questions of armament and accommodation.

(4) Creation of two additional Batteries of Native Mountain Artillery.
There has been unanticipated delay in the supply of guns and equipment from Home.

(5) Increase of Reserves of Artillery and Small Arms Ammunition, and of Rifles.

(6) Construction of lines for Native Troops and purchase of land for this purpose.
This decrease is mainly due to the postponement of certain Redistribution measures to which reference has already been made.

(7) Formation of a Native Cavalry Regiment from the Deoli and Erinpura Squadrons.

Special measures undertaken :—

(i) By re-allotment.

8. On the other hand, the failure to work up to the original provision for these and other measures has made it possible to allot funds to other projects, including the purchase of rifles from England, the construction of accommodation for an additional battalion of British Infantry and for two additional Gurkha battalions at Quetta, and for an additional battalion of British Infantry and for Royal Artillery at Jubbulpore, and also the improvement of the water-supply at Lahore Cantonment and Chakrata, and repairs to the coast defences at Manora which were severely damaged by a cyclonic storm.

(ii) From Budget provision.

9. The funds provided in the Budget for Special expenditure in the current year were applied in the first place to meeting the recurring outlay on measures undertaken in previous years. Rupees 17¾ lakhs (£118,200) have been expended in the prosecution of the scheme for the improvement and rearmament of coast defences. Nearly 50 lakhs (£332,600) were spent on Military Works measures appertaining to Reorganisation and Redistribution, including the construction of buildings at Quetta, Nowshera and Jubbulpore, and about 20 lakhs

(£134,500) were expended on other works chargeable to the Special grant. Under Marine the principal item was the payment of 4½ lakhs (£30,000) for the new vessel to replace the *Investigator*. The expenditure under Army enabled the scheme for increasing the number of the officers of the Native Army by 350 to be completed; new and more favourable Pension Rules were introduced for the Native Army; the reorganisation of the Staff and Establishments of Mountain Batteries was taken in hand; and progress was made with a number of the measures mentioned in paragraph 7 above, though not to the full extent anticipated in the Budget.

Summary.

10. Thus against a total provision of 297·50 lakhs (£1,983,400), Special expenditure to the extent of 219·34 lakhs (£1,462,200) is likely to be incurred in the current year; the difference is made up of 51·05 lakhs (£340,300) under *Army*, 4·25 lakhs (£28,500) under *Marine*, 18·74 lakhs (£124,900) under *Military Works* and 4·12 lakhs (£27,500) under *Special Defences*. With the exception of 7 lakhs (£46,400), the whole of the lapse has occurred in India, the cause, as already stated, being the postponement of Schedule measures or inability to carry them out to the extent anticipated.

B.—ORDINARY EXPENDITURE.

1907-1908. Ordinary Expenditure. Budget and Revised compared.

11. The following table compares the provision for Ordinary expenditure in the Budget of the current year and the probable expenditure as now estimated:—

	Budget, 1907-1908.		Revised Estimate, 1907-1908.		Saving on Budget (+), Excess over Budget (—).
	R	£	R	£	£
Army—					
Home	6,95,33,000	4,635,600	6,88,56,000	4,590,400	
India	20,33,47,000	13,556,400	20,01,84,000	13,345,600	
Total	27,28,80,000	18,192,000	26,90,40,000	17,936,000	+ 256,000
Marine—					
Home	31,73,000	211,500	34,00,000	226,700	
India	33,76,000	225,100	34,27,000	228,500	
Total	65,49,000	436,600	68,27,000	455,200	—18,600
Military Works—					
Home	4,05,000	27,000	7,53,000	50,200	
India	96,02,000	640,100	92,54,000	616,900	
Total	1,00,07,000	667,100	1,00,07,000	667,100	*Nil*
Total under all heads—					
Home	7,31,11,000	4,874,100	7,30,09,000	4,867,300	
India	21,63,25,000	14,421,600	21,28,65,000	14,191,000	
GRAND TOTAL	28,94,36,000	19,295,700	28,58,74,000	19,058,300	+ 237,400

Cause of excess or saving.

(i) Marine.

12. *Marine* charges are about 2¾ lakhs (£18,600) in excess of the Budget owing mainly to an increase of 2¼ lakhs in Home outlay on stores.

(ii) Military Works.

13. Ordinary *Military Works* expenditure is met from a fixed grant which is expected to be fully spent.

(iii) (a) Army—Home.

14. The Revised Estimate under *Army* shows an improvement of 38·40 lakhs (£256,000) of which 6·77 lakhs (£45,200) occurred in England and 31·63 lakhs (£210,800) in India. The decrease under Home expenditure includes a large diminution (£71,100) in the expected outlay on stores; a reduction in payments due to the War Office owing to the early adjustment of advances made on behalf of India; and a decrease in the cost of the Indian Trooping Service: partly counterbalanced by an increase in the expenditure on furlough allowances, and by the transfer from the Indian to the Home account of certain charges for the purchase of mules.

1907-1908. Ordinary Expenditure. Cause of excess or saving—contd.

(iii) (b) Army India.

15. The improvement of 31·63 lakhs (£210,800) in the Indian expenditure is partly nominal, as beside the saving arising from the transfer already mentioned, there is a reduction of 5½ lakhs (£36,700), counterbalanced by a corresponding diminution of receipts, in connection with the new arrangements for the supply of malt liquor, which under the system introduced on the 1st January 1908, the soldier will obtain direct from the contractors. There are also large fluctuations, including savings of about 9 lakhs (£60,000) due to a temporary shortage in the strength of British and Native troops, of 6½ lakhs (£43,300) arising from the absence of officers on leave, and of 8½ lakhs (£56,700) in rail and other transport charges. Certain economies, particularly those connected with the reorganisation of the Supply and Transport Corps and the reduction of the Army Bearer Corps, also contribute to the total improvement.

16. The saving would have been much larger but for additional expenditure on the feeding of the army, amounting to about 12¾ lakhs (£85,000), which resulted from the prevailing high prices, and the expenditure on the Bazar Valley Field Force, which is estimated at 7½ lakhs (£50,000) to be brought to account within the current year, beside 1 lakh (£6,700) of arrear charges to come forward in 1908-1909.

Summary.

17. The total Ordinary expenditure under all heads shows a decrease of over 35½ lakhs (£237,400), the result of an increase of 2¾ lakhs (£18,600) under *Marine* and an improvement of about 38½ lakhs (£256,000) under *Army*. As will be seen from the foregoing explanations the principal causes of this improvement are the reduction in the demand for stores from Home, savings due to shortage in the strength of troops and absence of officers, and various economies, permanent or temporary, the total decrease arising from these causes being partly counterbalanced by extraordinary expenditure on feeding charges and Special Services.

C.—Total Military Expenditure, Ordinary and Special.

1907-1908. Total Expenditure—Ordinary and Special.

18. The following statement compares the total Military expenditure, *i.e.*, Ordinary and Special taken together, as shown in the Budget and Revised Estimates of the current year:—

	Budget, 1907-1908.		Revised Estimate, 1907-1908.	
	R	£	R	£
Army—				
Home	7,13,61,000	4,757,400	7,01,55,000	4,677,000
India	21,89,03,000	14,593,500	21,11,64,000	14,077,600
Total	29,02,64,000	19,350,900	28,13,19,000	18,754,600
Marine—				
Home	42,51,000	283,400	40,14,000	267,600
India	35,99,000	240,000	36,89,000	245,900
Total	78,50,000	523,400	77,03,000	513,500
Military Works—				
Home	4,05,000	27,000	10,13,000	67,500
India	1,84,82,000	1,232,100	1,60,00,000	1,066,700
Total	1,88,87,000	1,259,100	1,70,13,000	1,134,200
Special Defences—				
Home	3,00,000	20,000	3,38,000	22,500
India	18,85,000	125,700	14,35,000	95,700
Total	21,85,000	145,700	17,73,000	118,200
Total under all heads—				
Home	7,63,17,000	5,087,800	7,55,20,000	5,034,600
India	24,28,69,000	16,191,300	23,22,88,000	15,485,900
GRAND TOTAL	31,91,86,000	21,279,100	30,78,08,000	20,520,500

19. The Revised Estimate shows a decrease of 113¾ lakhs (£758,600) made up of a lapse of over 78 lakhs under Special expenditure and a saving of over 35½ lakhs in Ordinary charges, the reasons for which have been explained above.

D.—Military Receipts.

1907-1908. Receipts.

20. Certain receipts are credited under Army, Military Works, and Marine. These arise mainly from payments by His Majesty's Government against charges incurred on their account, and rents of quarters, sales of stores, and recoveries on certain issues to soldiers, such as dairy produce, rum, and in certain cases clothing.

21. The following table shows the Budget and the Revised Estimates of receipts in 1907-1908:—

	Budget, 1907-1908.		Revised Estimate, 1907-1908.	
	₹	£	₹	£
Army	1,59,57,000	1,063,800	1,51,22,000	1,008,200
Marine	10,53,000	70,200	12,26,000	81,700
Military Works	7,32,000	48,800	8,50,000	56,700
Total	1,77,42,000	1,182,800	1,71,98,000	1,146,600

22. The decrease of 5·44 lakhs (£36,200) in total receipts is mainly due to the change in the system of supplying malt liquor already referred to.

E.—Net Military Expenditure.

1907-1908. Net Expenditure

23. Deducting the receipts from the gross expenditure, the net Military expenditure for 1907-1908 was taken at ₹ 30,14,44,000 (£20,096,300) in the Budget, and is now estimated at ₹29,06,10,000 (£19,373,900).

BUDGET ESTIMATE, 1908-1909.

A.—Special Expenditure.

1908-1909. Special Expenditure. Budget 1908-1909 compared with Budget and Revised 1907-1908.

24. The following tables compare the Budget provision of 1908-1909 with the Budget and Revised Estimates for 1907-1908:—

Rupee figures.

	Budget, 1907-1908. ₹	Revised Estimate, 1907-1908. ₹	Budget, 1908-1909. ₹
Army—			
Home	18,28,000	12,99,000	9,88,000
India	1,55,56,000	1,09,80,000	1,39,60,000
Total	1,73,84,000	1,22,79,000	1,49,48,000
Marine—			
Home	10,78,000	6,14,000	1,55,000
India	2,23,000	2,62,000	2,74,000
Total	13,01,000	8,76,000	4,29,000
Military Works—			
Home	...	2,60,000	...
India	88,80,000	67,46,000	79,81,000
Total	88,80,000	70,06,000	79,81,000
Special Defences—			
Home	3,00,000	3,38,000	11,87,000
India	18,85,000	14,35,000	4,55,000
Total	21,85,000	17,73,000	16,42,000
Total under all heads—			
Home	32,06,000	25,11,000	23,30,000
India	2,65,44,000	1,94,23,000	2,26,70,000
GRAND TOTAL	2,97,50,000	2,19,34,000	2,50,00,000

1908-1909. Special Expenditure—(contd.)

Sterling figures.

	Budget, 1907-1908.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
Army—	£	£	£
Home	121,800	86,600	65,800
India	1,037,100	732,000	930,700
Total	1,158,900	818,600	996,500
Marine—			
Home	71,900	40,900	10,400
India	14,900	17,400	18,300
Total	86,800	58,300	28,700
Military Works—			
Home	...	17,300	...
India	592,000	449,800	532,100
Total	592,000	467,100	532,100
Special Defences—			
Home	20,000	22,500	79,100
India	125,700	95,700	30,300
Total	145,700	118,200	109,400
Total under all heads—			
Home	213,700	167,300	155,300
India	1,769,700	1,294,900	1,511,400
GRAND TOTAL	1,983,400	1,462,200	1,666,700

Amount of Special Grant.

25. For the coming year the Special grant has again been restricted to 250 lakhs (£1,666,700), and in view of the general financial situation no addition has been made on account of the heavy lapse accruing in the current year. Recurring expenditure on account of measures carried out between 1904-1905 and 1907-1908 absorbs 98 lakhs (£653,300) out of the total grant, and the sum available for new expenditure is thus restricted to 152 lakhs (£1,013,400).

Special measures to be undertaken.

The bulk of this sum is required for carrying on measures already in progress. These include works connected with Special Defences and the Redistribution Scheme, and also, among others, the following measures the cost of which is chargeable to *Army*:—

(1) The addition of two batteries of Native Mountain Artillery.
(2) Increase in the reserve of rifles.
(3) Reorganisation of Horse and Field Batteries and Ammunition columns.
(4) Re-armament of Horse and Field Artillery.
(5) Provision of lines for native troops and purchase of land for this purpose.
(6) Increase to the Native Army Reserve.

The usual provision has been made for new Military works of an ordinary character but costing more than ₹50,000 (£3,300) in each case; and funds have also been allotted for a few new measures of minor importance, or are held in reserve for others which are still under consideration.

B.—Ordinary Expenditure.

26. The following statements compare the Budget provision for 1908-1909 with the Budget and Revised Estimates of 1907-1908.

1908-1909. Ordinary Expenditure.

Budget, 1908-1909 compared with Budget and Revised, 1907-1908.

Rupee figures.

	Budget, 1907-1908.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
	₹	₹	₹
Army—			
Home	6,95,33,000	6,88,56,000	6,79,99,000
India	20,33,47,000	20,01,84,000	20,16,41,000
Total	27,28,80,000	26,90,40,000	26,96,40,000
Marine—			
Home	31,73,000	34,00,000	32,46,000
India	33,76,000	34,27,000	34,23,000
Total	65,49,000	68,27,000	66,69,000
Military Works—			
Home	4,05,000	7,53,000	5,42,000
India	96,02,000	92,54,000	94,65,000
Total	1,00,07,000	1,00,07,000	1,00,07,000
Total under all heads—			
Home	7,31,11,000	7,30,09,000	7,17,87,000
India	21,63,25,000	21,28,65,000	21,45,29,000
GRAND TOTAL	28,94,36,000	28,58,74,000	28,63,16,000

Sterling figures.

	Budget, 1907-1908.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
	£	£	£
Army—			
Home	4,635,600	4,590,400	4,533,300
India	13,556,400	13,345,600	13,442,700
Total	18,192,000	17,936,000	17,976,000
Marine—			
Home	211,500	226,700	216,400
India	225,100	228,500	228,200
Total	436,600	455,200	444,600
Military Works—			
Home	27,000	50,200	36,100
India	640,100	616,900	631,000
Total	667,100	667,100	667,100
Total under all heads—			
Home	4,874,100	4,867,300	4,785,800
India	14,421,600	14,191,000	14,301,900
GRAND TOTAL	19,295,700	19,058,300	19,087,700

Causes of excess or decrease as compared with Budget 1907-1908:—

(i) Marine.

(ii) Military Works.

(iii) (a) Army—Home.

27. As compared with the current year's Budget, *Marine* charges show a small increase of about 1¼ lakhs (£8,000). The *Military Works* fixed grant stands as before at about Rs. 1 crore.

28. *Army* expenditure shows a decrease of 17 lakhs (£113,700) in India and about 15½ lakhs (£102,300) in England, or a total of about 32½ lakhs (£216,000) in all. The improvement as regards Home expenditure is mainly due to a reduction of £130,000 in the provision for stores, the diminution in demands from India being mainly under Ordnance.

134388

(iii) (b) Army—India.

29. The provision for Ordinary expenditure in India includes an addition of 32¼ lakhs (£215,000) to meet increased charges on account of feeding. On the other hand, there is a nominal reduction of 23 lakhs (£153,700) in consequence of the disappearance from the accounts of the malt liquor charges (together with the corresponding receipts) owing to the change of system already explained. But for this special expenditure and nominal saving, the provision for Ordinary expenditure in India would have been 26¼ lakhs (£175,400) less than that made in 1907-1908. This is in some measure attributable to economies such as those already mentioned in connection with the Supply and Transport Corps and the Army Bearer Corps. A further improvement is expected with regard to railway charges in view of the recent revision of the system of rates. The charges on account of the Aden Delimitation Commission now cease, and a reduction of 3½ lakhs (£23,300) is anticipated in connection with the Tibet Mission, owing to the withdrawal of the bulk of the troops.

Summary.

30. The total Ordinary Military expenditure for the coming year is expected to fall below the provision made for the current year by 31¼ lakhs (£208,000) and approximates closely to the Revised Estimate.

C.—Total Expenditure, Ordinary and Special.

1908-1909. Total Expenditure—Ordinary and Special.

31. The following tables compare the total Military expenditure under the various heads, as provided in the Budget and Revised Estimates of the current year and in the Budget for 1908-1909 :—

Rupee figures.

	Budget, 1907-1908	Revised Estimate, 1907-1908.	Budget, 1908-1909.
	R	R	R
Army—			
Home	7,13,61,000	7,01,55,000	6,89,87,000
India	21,89,03,000	21,11,64,000	21,56,01,000
Total	29,02,64,000	28,13,19,000	28,45,88,000
Marine—			
Home	42,51,000	40,14,000	34,01,000
India	35,99,000	36,89,000	36,97,000
Total	78,50,000	77,03,000	70,98,000
Military Works—			
Home	4,05,000	10,13,000	5,42,000
India	1,84,82,000	1,60,00,000	1,74,46,000
Total	1,88,87,000	1,70,13,000	1,79,88,000
Special Defences—			
Home	3,00,000	3,38,000	11,87,000
India	18,85,000	14,35,000	4,55,000
Total	21,85,000	17,73,000	16,42,000
Total under all heads—			
Home	7,63,17,000	7,55,20,000	7,41,17,000
India	24,28,69,000	23,22,88,000	23,71,99,000
GRAND TOTAL	31,91,86,000	30,78,08,000	31,13,16,000

1908-1909. Total Expenditure-Ordinary and Special—contd.

Sterling figures.

	Budget, 1907-1908.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
	£	£	£
Army—			
Home	4,757,400	4,677,000	4,599,100
India	14,593,500	14,077,600	14,373,400
Total	19,350,900	18,754,600	18,972,500
Marine—			
Home	283,400	267,600	226,800
India	240,000	245,900	246,500
Total	523,400	513,500	473,300
Military Works—			
Home	27,000	67,500	36,100
India	1,232,100	1,066,700	1,163,100
Total	1,259,100	1,134,200	1,199,200
Special Defences—			
Home	20,000	22,500	79,100
India	125,700	95,700	30,300
Total	145,700	118,200	109,400
Total under all heads—			
Home	5,087,800	5,034,600	4,941,100
India	16,191,300	15,485,900	15,813,300
GRAND TOTAL	21,279,100	20,520,500	20,754,400

Budget 1908-1909 compared with Budget 1907-1908.

32. The Estimate for 1908-1909 under the four Military heads thus shews a total decrease of 78¾ lakhs (£524,700) as compared with the Budget of 1907-1908, of which 47½ lakhs (£316,700) is due to the restricted scale of Special expenditure, and a decrease of 31¼ lakhs (£208,000) occurs under Ordinary.

Budget 1908-1909 compared with Revised 1907-1908.

33. As compared with the probable actual outlay in the current year, the Budget Estimate for 1908-1909 provides for an increase of 35 lakhs (£233,900). This is mainly due to the heavy lapse on Schedule expenditure in 1907-1908. The estimate for Ordinary charges exceeds the probable expenditure of the current year by only 4½ lakhs (£29,400).

Revised 1907-1908 and Budget 1908-1909 compared with Budget 1904-1905.

34. The standard of expenditure now attained may also be compared with the Budget Estimate for 1904-1905, which was framed a few months before the formulation of the Reorganisation and Redistribution schemes. Notwithstanding the temporary expansion of feeding charges owing to scarcity by £85,000 during 1907-1908, and the additional expenditure of £215,000 anticipated from the same cause in the coming year, the aggregate military expenditure of 1907-1908 indicates an improvement of £471,000 on the provision made in 1904-1905, and that of 1908-1909 an improvement of £237,000. An analysis of the latter figure shews that it is made up of the following items:—

(1) A reduction of about £1 million in the provision for new expenditure on special measures.

(2) An increase of about £⅔ million, representing the recurring cost of special measures brought into effect since the system of a Special grant was introduced in the course of 1904-1905.

(3) An increase of about £90,000 in Ordinary expenditure.

35. As regards the first item, it may be noted that for some years previous to 1904-1905 it was the practice to set aside large sums for Special measures, the average provision for new Special expenditure in the three years 1901-1902 to 1903-1904, including allotments from war savings, being £1½ millions a year. In the Budget of 1904-1905 this was raised to £2 millions. As already mentioned, the provision for new expenditure included in the Special grant of 250 lakhs (£1⅔ millions) for 1908-1909 is half this amount.

Revised 1907-1908 and Budget 1908-1909 compared with Budget 1904-1905 contd.

36. The second item represents about half the ultimate addition to permanent expenditure which will be attained when the schemes alluded to in clauses (1), (2) and (3) of the second paragraph of this memorandum have been completed.

37. The figure given against the third item somewhat understates the growth of Ordinary expenditure in the usual sense, as it is reduced by the fact that the Budget provision for 1904-1905 included about £⅓ million for expenditure on Special Services. Excluding this, and also the temporary addition to feeding charges in 1908-1909, the growth of Ordinary expenditure in the four years is somewhat less than £¼ million.

D.—Military Receipts.

1908-1909. Receipts.

38. The following statements compare the receipts taken in the Budget of 1908-1909 with those of the Budget and Revised Estimates of the current year:—

	Budget, 1907-1908.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
	₹	₹	₹
Army	1,59,57,000	1,51,22,000	1,32,18,000
Marine	10,53,000	12,26,000	11,82,000
Military Works	7,32,000	8,50,000	8,50,000
TOTAL	1,77,42,000	1,71,98,000	1,52,50,000
	£	£	£
Army	1,063,800	1,008,200	881,200
Marine	70,200	81,700	78,800
Military Works	48,800	56,700	56,700
TOTAL	1,182,800	1,146,600	1,016,700

39. As compared with the current year's Budget, the only noticeable variation is the decrease of over 27 lakhs (£182,600) under *Army* due mainly to the disappearance of malt liquor receipts amounting to 23 lakhs (£153,300).

E.—Net Military Expenditure.

1908-1909. Net Expenditure.

40. The following figures compare the Estimate of aggregate net Military expenditure under all heads for 1908-1909 with the Budget and Revised Estimates for 1907-1908:—

	Budget, 1907-1908.	Revised Estimate, 1907-1908.	Budget, 1908-1909.
	₹	₹	₹
Gross expenditure	31,91,86,000	30,78,08,000	31,13,16,000
Receipts	1,77,42,000	1,71,98,000	1,52,50,000
Net expenditure	30,14,44,000	29,06,10,000	29,60,66,000
	£	£	£
Gross expenditure	21,279,100	20,520,500	20,754,400
Receipts	1,182,800	1,146,600	1,016,700
Net expenditure	20,096,300	19,373,900	19,737,700

CALCUTTA:

The 20th March 1908.

J. B. BRUNYATE.

APPENDIX III.

Memorandum by the Railway Board

ON THE

Results of Indian Railway Working, 1907-1908, and Proposals for 1908-1909.

CAPITAL EXPENDITURE.

The capital expenditure during the year 1907-1908 will amount to R15,00,00,000 (£10,000,000) being more than half a crore in excess of the expenditure for the year 1906-1907.

2. For the year 1908-1909 the estimate provides for spending a sum of 15 crores (£10,000,000), which is the same as the programme for 1907-1908.

3. Under the head of lines already open, including the provision for additional rolling stock, the amount expended in 1907-1908 will be 1,109¼ lakhs (£7,394,600), showing an increase of 187 lakhs in the expenditure under the same head for the previous year. Under the same heads in 1908-1909 provision is made for 1,149 lakhs (£7,659,200).

4. A comparison showing capital expenditure for 1908-1909 and the previous five years is contained in the following statement:—

	Lines already open, including additional rolling stock.	Lines under construction.		Total.	Equivalent in sterling.
		Started in previous years.	Started in current year.		
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£
1903-1904 (actual expenditure) .	5,58·77	3,13·68	84·62	9,57·07	6,380,468
1904-1905 („ „) .	5,02·76	4,86·91	88·62	10,78·29	7,188,600
1905-1906 („ „) .	7,68·19	5,49·46	32·26	13,49·91	8,999,430
1906-1907 („ „) .	8,92·21	5,28·91	26·50	14,47·62	9,650,800
1907-1908 (latest grants) . .	11,09·19	3,90·81	...	15,00·00	10,000,000
1908-1909 (proposed grants) .	11,48·88	3,31·12	20,00	15,00·00	10,000,000

5. The information showing in detail how the expenditure in 1907-1908 and 1908-1909 will be distributed is contained in statement A attached to this memorandum. The programme for 1908-1909 contemplates an outlay of R15 crores.

6. The mileage of lines of all gauges open to traffic on 1st April 1907 was 29,303 and under construction 2,629; on 1st April 1908 there will be 30,287 open and 1,987 under construction. At the end of the coming year there will be 1,066 miles under construction.

RAILWAY REVENUE ACCOUNT.

7. The railways of India, taken as a whole, have for a succession of years shown a balance to the credit of general revenues, after allowing for working expenses, interest on capital expended, charges for annuities in redemption of capital and miscellaneous railway expenditure. The following table shows the approximate figures for 1907-1908 compared with the actual results for the previous five years :—

[Figures in rupees, omitting 000.]

	Gross receipts.	Working expenses.	Interest charges, etc.	Surplus of Revenue over expenditure.	Equivalent in sterling.
	₹	₹	₹	₹	£
Actuals—					
1901-1902 . . .	30,33,90	14,23,85	14,83,06	1,26,99	846,600
1902-1903 . . .	30,20,08	14,74,08	15,11,66	34,34	228,900
1903-1904 . . .	32,33,68	15,56,72	15,47,86	1,29,10	860,700
1904-1905 . . .	36,03,37	16,94,32	15,93,23	3,15,82	2,105,500
1905-1906 . . .	36,89,12	*16,95,16	16,93,67	3,00,29	2,001,900
1906-1907 . . .	39,35,41	19,28,39	16,60,87	3,46,15	2,307,700
†*Estimate*—					
1907-1908 . . .	41,56,72	21,53,62	17,13,89	2,89,21	1,928,100

*Note.—The figures to end of 1904-1905 include the Companies' shares of surplus profits, now shown under interest charges, etc.

† Excluding Local Fund transactions.

Compared with the results of the previous year the figures for 1907-1908 show a decrease of ₹56,94,000 (£379,600). The receipts are more by ₹2,21,31,000 (£1,475,400), the working expenses are higher by ₹2,25,23,000 (£1,501,500), while interest charges, etc., have increased by ₹53,02,000 (£353,500).

GROSS RECEIPTS.

8. In 1906-1907, the gross receipts of railways showed a large improvement over those of the previous year consequent on the opening of new lines, development of traffic on existing lines, a heavy coal traffic on the East Indian Railway, and large movements of food grains chiefly on the North Western, Eastern Bengal and Indian Midland Railways. On the Great Indian Peninsula Railway there was a falling-off in traffic in food grains and cotton owing to short crops and production being below the average.

9. In the current year while there has been a partial recovery in the earnings of the Great Indian Peninsula Railway, the earnings from other railways have continued to expand, notably under coaching traffic on the East Indian Railway, and famine traffic on the North Western Railway. The earnings of the Burma, Oudh and Rohilkhand, Southern Mahratta and Bombay, Baroda and Central India Railways also show large increases due to general development of traffic.

10. The more important increases are :—

	₹
East Indian	26,45,000
North Western	73,91,000
Oudh and Rohilkhand	15,44,000
Southern Mahratta	13,11,000
Great Indian Peninsula	15,47,000
Burma Railways	14,28,000
Bombay, Baroda and Central India	9,23,000
Eastern Bengal	11,17,000

WORKING EXPENSES.

11. The increase in working expenses during the year 1907-1908 is estimated to amount to R2,25,23,000 (£1,501,500).

This increase is due partly to more traffic being carried than was estimated for when the budget was prepared and partly to circumstances which tend to steadily increase the cost of working Indian Railways.

12. The rise in the cost of living in India both for Europeans as well as for Indians has necessitated a considerable rise in salaries of the working staff. The high price of grain too has rendered it necessary to grant grain allowances on a large scale.

The enormous rise in the price of coal is a most serious item in increased working expenses and is, moreover, one that seems at the present time to be likely to increase rather than diminish in the future.

13. The steady cause of increased working expenses is the pressing demand for more rapid transport facilities, and more conveniences to the travelling public. These improvements which take time to mature are being steadily carried out, as far as financial considerations permit of their being done. They throw a greater burden on Revenue than was the case a few years ago.

OPEN LINE CAPITAL REQUIREMENTS.

14. The total amount allotted during 1908-1909 to open lines, *viz.*, 1,149 lakhs (£7,659,200) out of a total for the year of 1,500 lakhs (£10,000,000), has been divided between open line works and additional rolling stock approximately as follows :—

		Lakhs. ₹
1908-1909	Open line works	601¼
	Rolling stock	547¾

This shows an increase of 95 lakhs under open line works and a decrease of 55¼ lakhs under rolling stock, in comparison with the provision made under these heads in 1907-1908, the figures for which were as follows :—

		Lakhs. ₹
1907-1908	Open line works	506¼
	Rolling stock	603

The figures for 1907-1908 include the extra grant of 1½ crores sanctioned by the Secretary of State during the year which was divided between open line works generally and rolling stock to the extent of about 115 lakhs and 35 lakhs, respectively.

15. With the present demand of the trade for more rolling stock on Indian railways the decrease of 55¼ lakhs in the provision for rolling stock for 1908-1909 than during the previous year requires some explanation. Large additions to rolling stock on a railway cannot be efficiently used unless additions to and improvements in open line works which are required to facilitate the effective working of the additional stock are also carried out.

16. For the year 1907-1908 the amount allotted for rolling stock was a crore in excess of that allotted for works, and as a great deal of the stock thus obtained will not come into use until the year 1908-1909, the most pressing claims during the coming year are for works to enable the increased stock to be made use of most effectively.

It thus becomes necessary to provide increased funds during 1908-1909 to enable the necessary works and facilities to be carried out simultaneously with the provision of the additional rolling stock, and it will be observed that the increase in the grant for works largely exceeds the decrease in the grant for rolling stock.

17. In their previous Memoranda the Railway Board have stated that in their opinion the standard of equipment of Indian Railways had not been maintained at a rate commensurate with the development of trade, and within

the financial restrictions imposed on them they have devoted as much of the Capital at their disposal to meeting the cost of open line requirements including additional rolling stock as other claims on their resources permitted them to do.

18. For the year 1908-1909 they propose to restrict outlay on new construction as much as is possible, feeling that the demands of open lines for works to meet the requirements of existing trade have the first claim on their resources.

LINES IN PROGRESS AND NEW LINES.

19. Previous to the receipt of the Secretary of State's order regarding the extra 1½ crores for 1908-1909 280 lakhs had been distributed to lines in progress. It is intended to increase this to 331 lakhs, and accordingly 51 lakhs have been shown in statement A as reserved for this purpose, which includes the 1·10 lakhs, originally allotted to the Bezwada Masulipatam Railway as the District Board of Kistna will meet further Capital outlay on this railway from their accumulated Revenue and not from Provincial loans.

20. After meeting the requirements of open lines and lines in progress as above 20 lakhs remain for new lines for which no allotment had previously been provided in the detailed statement. This 20 lakhs will be distributed over (1) the Nagpur-Itarsi Railway, (2) the Sini-Gurumaisini branch of the Bengal Nagpur Railway—both on the 5′ 6″ gauge. The commencement of the earthwork on the former is considered desirable in order to afford employment to the inhabitants of certain districts where scarcity prevails and funds will be allotted for this purpose. The latter line is 44 miles long and is intended mainly to serve Messrs. Tata & Co.'s Steel and Iron Works which are to be located at Kalimati.

GENERAL.

21. The year 1907-1908 has been one of considerable anxiety and trouble to Railway Administrations.

There has been considerable unrest among the working staff, which in the case of some lines caused serious dislocation to traffic and heavy losses to both the Railways and the trade of the country.

The existence of a very serious famine in Northern India has caused increased difficulties in working traffic, the normal trend of which was entirely changed for a time, so that what would ordinarily have been a large export traffic was suddenly diverted to other destinations the routes to which were not fully provided with sufficient facilities to meet the enormous increase in the traffic required to be carried over them.

22. The Railway systems of India are now in a state of transition during which they are endeavouring to deal with the rapid development of traffic with inadequate facilities for doing so. The Railway Board and Railway Administrations are however fully alive to the fact that trade has been expanding more rapidly than railway facilities and Capital is being spent as freely as financial considerations permit in developing the carrying power of Indian Railways and bringing them up to the requirements of the time, the process must however necessarily be a gradual one as a consequence of the restricted funds available for the purpose.

23. Attention is invited to statement B attached to this memorandum which shows proposed new lines which are under negotiation for construction by private Companies, and also to Statement C which shows the progress of railway construction during the year.

F. R. UPCOTT,
Chairman.

W. H. WOOD,
Member.

T. R. WYNNE,
Member.

The 14th March 1908.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open and under Construction, for the year 1908-1909.

[Branch lines under rebate terms are excluded.]

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY.

CAPITAL EXPENDITURE ON RAILWAYS, 1908-1909.

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Grants allotted for 1907-1908.	Distribution of grants during 1908-1909.
	A.—OPEN LINES.		
	I. (i)—State, by State Agency.	£	£
	Eastern Bengal—		
1	Main line	96·19	85·90
2	Murshidabad branch		
3	Jodhpur-Hyderabad (British Section)	1·93	·34
	North Western—		
4	Main line	165·85	215·98
5	Kalka-Simla		
6	Khushalgarh-Kohat conversion and Indus bridge	9·48	1·47
7	Rohri-Samasata, doubling	13·65	3·97
8	Shahdara-Sangla	2·65	·86
9	Jech Doab (Southern section)	·96	...
	Oudh and Rohilkhand—		
10	Main line	51·34	31·36
11	Allahabad-Jaunpur	2·74	...
12	Warora Colliery	—1·69	...
13	Amount to complete payment for rolling stock, see note below	...	119·17
	Total Open Lines, State, by State Agency	343·10	459·05
	I. (ii)—State, by Agency of Companies.		
14	Assam-Bengal	2·15	28·91
15	„ „ Land	·12	...
	Bengal and North-Western—		
16	Tirhoot	21·50	20·02
17	Tirhoot extensions	15·98	8·50
	Bombay, Baroda and Central India—		
18	Main line	33·00	34·31
19	Rewari-Phulera	2·12	...
20	Rajputana-Malwa	36·28	36·09
	East Indian—		
21	Main line	186·02	147·72
22	Agra Junction-Belinganj		
23	Hariharpur-Barakar		
24	Khurja-Hapur		
	Great Indian Peninsula—		
25	Main line	158·68	117·60
26	Agra-Delhi chord	1·30	·05
27	Bhopal-Itarsi (British section)	1·10	1·00
28	Lonavla-Poona, doubling	...	·50
	Nizam's Guaranteed State—		
29	Bezwada extension	·02	·03
	Rohilkund and Kumaon Railway—		
30	Kachlaghat Bridge	·76	...
	Carried over	459·03	394·73

Note to item 13.—This amount is to complete payment for special additional rolling stock ordered and partly paid for in 1907-1908 under indent No. 14 of 25th April 1907 for 5′ 6″ gauge open lines only and is being distributed over both State and Company worked lines. The entry under State is merely a matter of convenience.

CAPITAL EXPENDITURE ON RAILWAYS, 1908-1909—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Grants allotted for 1907-1908.	Distribution of grants during 1908-1909.
		₹	₹
	Brought forward	459·03	394·73
	A.—OPEN LINES—*concld.*		
	I. (ii)—State by Agency of Companies—*concld.*		
	South Indian—		
31	Main line	22·00	28·68
32	Azhikhal-Mangalore	6·92	—2·62
33	Madras Railway Section	4·87	2·30
34	Nilgiri Railway	·15	·45
35	Travancore branch (Native State section)	—·03	·05
36	„ „ (British section)	·15	·15
	Southern Mahratta—		
37	Madras Railway, North-East line	8·40	...
38	Madras Railway Section	13·00	7·56
39	Guntakal-Mysore Frontier	·10	...
	Total Open Lines, State, by Agency of Companies	514·59	431·30
39A	I (iii) Further amount for distribution among open lines out of additional grant of 1·50 crores sanctioned by the Secretary of State on 5th March 1908	...	80·00
	Total	...	80·00
	II.—From Capital of Indian Railway Companies.		
40	Assam-Bengal	26·82	...
	Bengal-Nagpur—		
41	Main line		
42	Midnapur-Jherriah		
43	Pench Valley	119·35	65·68
44	Satpura (Jubbulpur-Gondia)		
45	Sini-Midnapur-Cuttack-Calcutta		
	Burma—		
46	Main line		34·27
47	Hlawga-Letpadan, doubling		...
48	Thingangyan Pegu „	56·57	14·00
49	Irrawadi Bridge Sagaing		3·00
	Great Indian Peninsula—		
50	Indian Midland	12·44	13·60
	Rohilkund and Kumaon—		
51	Lucknow-Bareilly	2·65	14·00
	Southern Mahratta—		
52	Main line	21·24	33·68
	Total Open Lines, other Companies	239·07	178·23
	III—From the Capital Account of the old Guaranteed Companies.		
53	Madras Railway	42·37	...
54	„ Extensions	·33	...
	Total Open Lines, Guaranteed Companies	42·70	...
	IV.—From Capital of Branch Line Companies with firm Guarantee.		
55	Hardwar-Dehra	·03	·30
	Total Open Lines, Branch Line Companies	·03	·30

CAPITAL EXPENDITURE ON RAILWAYS, 1908-1909—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1906-1907.	Grants allotted during 1907-1908.	Distribution of grants during 1908-1909.
	B.—CONSTRUCTION OF LINES.	Miles.	₹	₹	₹	₹
	I. (i)—State, by State Agency, *Lines in Progress.*					
56	Coonoor-Ootacamund	12	28·53	15·60	8·73	3·57
	Eastern Bengal—					
57	Forbesganj-Nepal Frontier	7	2·22	1·66	·65	·20
58	Golakganj-Gauhati	149	129·87	83·34	16·27	16·00
59	Katihar-Godagari	105	121·72	68·47	23·88	18·00
	Nagda-Muttra—					
60	Main line	340	417·93	224·48	77·31	70·87
61	Baran-Kotah	40	45·92	20·40	13·00	11·00
	North Western—					
62	Kohat-Thal conversion	63	40·80	4·71	8·47	...
63	Thal-Parachinar	60	88·05			
64	Lodhran-Khanewal	57	45·15	7·58	26·70	9·50
65	Loi-Shilman	22	72·30	28·79	17·86	11·60
66	Shorkot Road-Chichoki	131	101·95	3·53	13·96	16·00
	Total	...	...	458·56	206·83	156·74
	I. (ii)—State, by Agency of Companies. *Lines in Progress.*					
	Assam-Bengal—					
67	Akhaura-Bhairab Bazar	19	19·24	6·50	...	8·00
68	Kalaura-Khooseara	16	7·80	·32	...	...
	Burma—					
69	Henzada-Kyangin	66	65·05	138·48	42·00	30·50
70	Pegu-Moulmein	121	142·84			
	East Indian—					
71	Bhagalpur-Bausi	31	23·31	5·12	·49	35·10
72	Hooghly-Katwa	65	58·46	6·59	2·90	
73	Katwa-Barharwa	103	86·37	1·91	7·00	
	Great Indian Peninsula—					
74	Bombay Harbour Branch	8	62·21	21·76	5·70	5·00
75	Warora-Bellarpur	38	39·94	29·64	7·48	2·00
	Southern Mahratta—					
76	Dhone-Kurnool	32	9·66	1·07	4·00	4·48
	Total	...	...	211·39	69·57	85·08
76A	I (iii) Further amount for distribution amongst lines under construction out of additional grant sanctioned by the Secretary of State on 5th March 1908	...	...	...	...	50·00
	II.—From Capital of Indian Railway Companies. *Lines in Progress.*					
	Assam-Bengal—					
77	Akhaura-Bhairab Bazar	...	...	...	4·41	...
	Bengal-Nagpur—					
78	Gondia-Chanda and Brahmapuri-Nagpur branch	212	117·80	31·39	40·15	22·50
79	Kampti-Ramtek	17	7·42	3·20	4·22	·70
80	Nainpur-Mandla	26	11·55	·99	4·84	5·00
81	Purulia-Ranchi	72	41·08	26·39	9·20	5·00
82	Vizianagram-Parbatipur (Raipur-Vizianagram project)	49	35·00	4·59	15·89	5·00
	Total	...	...	66·56	78·71	38·20
	IV.—From Capital of Local Boards.					
83	Bezwada-Masulipatam	50	22·93	13·40	5·40	...
	C.—NEW LINES.					
	I. (ii)—State by Agency of Companies.					
	Great Indian Peninsula—					
84	Itarsi-Nagpur and branch to Pench Valley Coal Fields	260	410·00	...	...	20·00
	II.—From Capital of Indian Railway Companies.					
	Bengal-Nagpur—					
85	Sini-Gurumaisini	44	32·29	...	...	
	Total	...	...	...	...	20·00

CAPITAL EXPENDITURE ON RAILWAYS, 1908-1909—*concld.*

(Figures in lakhs and decimals of lakhs.)

No.	Railway.	Distribution of grants for 1908-1909.	
	ABSTRACT BY OPEN LINES AND CONSTRUCTION.	£	£
	A.—Capital for Open Lines.		
	I. (i) State, by State agency	*459·05	
	I. (ii) State, by agency of Companies	431·30	
	I. (iii) Reserve to be distributed, see item 39A.	80·00	
	II. Indian Railway Companies	178·23	
	III. Branch Line Companies	·30	
	Total Open Lines		11,48·88
	B.—Capital for Lines in Progress.		
	I. (i) State, by State agency	156·74	
	I. (ii) State, by agency of Companies	85·08	
	I. (iii) Reserve to be distributed, see item 76A.	†51·10	
	II. Indian Railway Companies	38·20	
	III. Branch Line Companies	...	
	Total Lines in Progress		331·12
	C.—Reserve for new lines from the grant of 1·50 crores sanctioned by the Secretary of State on 5th March 1908, see items 84 and 85	20·00	20·00
	GRAND TOTAL		15,00·00
	ABSTRACT SHOWING DISTRIBUTION BY FUNDS.		
I.—From Imperial Funds.	(i) State, by State agency (*a*) Open Lines	*459·05	
	(*b*) Construction	156·74	
	Total (i)		615·79
	(ii) State, by agency of Companies (*a*) Open Lines	431·30	
	(*b*) Construction	85·08	
	Total (ii)		516·38
	Total I		11,32·17
II.—From Capital of Indian Railway Companies	(*a*) Open Lines	178·23	
	(*b*) Construction	38·20	
	Total II		216·43
III.—From Capital of Branch Line Companies with firm Guarantee.	(*a*) Open Lines	·30	
	(*b*) Construction	...	
	Total III		·30
Total, I to III	(*a*) Open Lines	10,68·88	
	(*b*) Construction	2,80·02	13,48·90
Additional grant for open lines and lines in progress and reserve for new lines to be started in 1908-1909, see items 39A, 76A, 84 and 85		151·10	151·10†
	GRAND TOTAL	15,00·00	15,00·00

* See note under item 13.

† Includes 1·10 lakhs originally allotted to the Bezwada-Masulipatam Railway.

STATEMENT B IN APPENDIX III.

Statement showing proposed lines which are under negotiation for construction by private Companies.

No.	Name of railway.	Length.	Estimated cost.	
		Miles.	₹	
	Bengal—			
1	Behar-Silao	10	2,70,000	This is a tramway.
	Bombay—			
2	Dholka-Dholera	40	18,00,000	Approximate amount.
3	Idar Road to Bramhakhed	32	Not stated.	
4	Nadiad *vid* Kapadvanj to Meghraj with branch from Malpur to Godhra.	112	Do.	
	Bombay and Hyderabad (Nizam's)—			
5	Tadwale to Latur	37	Not stated.	
	Central Provinces—			
6	Murtajapur-Pisgaon	150	55,48,000	
	Madras—			
7	Tinnevelly-Tiruchendur	38	20,52,000	
	Punjab—			
8	Jullundur Doab Group	124	1,00,00,000	Approximate amount.
9	Kaithal-Thanesar	29	Not stated.	
10	Kasur-Lodhran	210	Do.	
11	Patti-Kasur	30	Do.	
	United Provinces and Oudh—			
12	Jalesar Road-Kasganj	50	20,00,000	Approximate amount. This is a tramway.
13	Pilibhit-Barmdeo	38½	12,91,844	

STATEMENT C IN APPENDIX III.

Memorandum on the Construction of Railways.

At the commencement of 1907-1908, *i.e.*, on the 1st April 1907, the total length of railways open for traffic was 29,303·37 miles, made up as follows:—

	Miles.	Miles.	Miles.
5′ 6″ gauge—			
(i) State lines worked by the State—			
Eastern Bengal	500·20		
Nagda-Muttra	40·00		
North Western	(*a*) 3,371·71		
Oudh and Rohilkhand	(*b*) 1,223·23		
		5,135·14	
(ii) State lines worked by companies—			
Agra-Delhi Chord (*c*)	125·99		
Azhikal-Mangalore (*d*)	56·35		
Bengal-Nagpur	1,722·12		
Bezwada Extension (*e*)	20·58		
Bhopal-Itarsi (*British section*) (*c*)	13·11		
Bombay, Baroda and Central India	(*f*) 504·35		
East Indian	2,165·04		
Godhra-Rutlam-Nagda (*g*)	141·14		
Great Indian Peninsula	1,561·63		
Indian Midland (*c*)	809·85		
Madras (North-East line) (*d*)	(*h*) 498·04		
		7,618·20	
(iii) Companies' lines guaranteed by Government under the old contracts—			
Madras	...	905·01	
(iv) Companies' lines guaranteed by Government under modern contracts—			
Hardwar-Dehra (*i*)	...	32·04	
(v) Branch line companies' railways assisted by Government under "rebate" terms—			
Amritsar-Patti (*j*)	27·49		
Southern Punjab (*j*)	425·33		
Southern Punjab (Ludhiana) Extension (*j*)	155·05		
Tapti Valley (*g*)	155·48		
		763·35	
Carried over	...	14,453·74	

(*a*) Includes 5·63 miles of military line not used for public traffic and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa Railways.

(*b*) Includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line and 1·81 miles of 3′ 3⅜″ gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway city stations at Benares.

(*c*) Worked by the Great Indian Peninsula Railway Company.

(*d*) Worked by the Madras Railway Company.

(*e*) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(*f*) Includes 39·23 miles of 3′ 3⅜″ gauge line between Viramgam and Wadhwan.

(*g*) Worked by the Bombay, Baroda and Central India Railway Company.

(*h*) Includes 1·89 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bezwada and Kistna block hut and 1·08 mile of 3′ 3⅜″ gauge line between Kistna block hut and Tadepalli.

(*i*) Worked by the Oudh and Rohilkhand State Railway.

(*j*) Worked by the North Western State Railway.

	Miles.	Miles.	Miles.
Brought forward	...	14,453·74	
5′ 6″ gauge—concld.			
(vi) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Delhi-Umballa-Kalka (*a*)	...	162·36	
B. Receiving land only from Government—			
Tarkessur (*a*)	...	22·23	
(vii) Native State lines—			
A. Worked by companies—			
Bhopal-Itarsi (*Native State section*) (*b*)	44·28		
Bhopal-Ujjain (*b*)	113·27		
Bina-Goona-Baran (*b*)	145·63		
Kolar Gold Fields (*c*)	9·88		
Nagda-Ujjain (*d*)	34·32		
Nizam's Guaranteed State	(*e*) 330·13		
Petlad-Cambay (Anand-Tarapur section) (*d*)	21·50		
Petlad-Cambay (Tarapur-Cambay section) (*d*)	12·30		
		711·31	
B. Worked by State railway agency—			
Jammu and Kashmir (*Native State section*) (*f*) and (*g*)	15·98		
Ludhiana-Dhuri-Jakhal (*f*)	78·65		
Rajpura-Bhatinda (*f*)	107·05		
		201·68	
(viii) Leased lines—			
South Behar (*a*)	...	78·76	
Total 5′ 6″ gauge	...	...	15,630·08
3 3⅜″ gauge—			
(ix) State lines worked by the State—			
Cawnpore-Burhwal (*metre gauge link*)	(*h*) 79·60		
Eastern Bengal—			
Behar, Kaunia-Dhubri and Northern sections (*including the British section of the Santrabari extension and the Ranaghat-Krishnagar and Teesta-Kurigram branches*)	687·42		
Dacca section	85·92		
		852·94	
Carried over	...	852·94	15,630·08

(*a*) Worked by the East Indian Railway Company.
(*b*) Worked by the Great Indian Peninsula Railway Company.
(*c*) Worked by the Madras Railway Company.
(*d*) Worked by the Bombay, Baroda and Central India Railway Company.
(*e*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.
(*f*) Worked by the North Western State Railway.
(*g*) The British section of this railway forms an integral part of the North Western State Railway.
(*h*) Excludes 3·40 miles of the Lucknow-Bareilly Railway between Aishbagh and Daliganj, worked over, but includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line of the Oudh and Rohilkhand State Railway.

	Miles.	Miles.	Miles.
Brought forward . .	...	852·94	15,630·08
3⅜″ gauge—contd.			
(x) State lines worked by companies—			
Assam-Bengal	775·28		
Bellary-Rayadrug (*a*)	33·35		
Burma	1,340·15		
Guntakal-Mysore Frontier (*a*)	119·50		
Hospet-Kottur (*a*)	48·03		
Jodhpur-Hyderabad (*British section*) (*b*) and (*c*)	123·98		
Lucknow-Bareilly (*d*)	237·04		
Mysore section (Southern Mahratta) (*a*) .	296·22		
Nilgiri (*e*)	16·99		
Palanpur-Deesa (*f*)	17·28		
Rajputana-Malwa (*f*)	(*g*) 1,774·36		
South Indian	1,130·00		
Southern Mahratta	1,042·04		
Tinnevelly-Quilon (Travancore) (*British section*) (*h*)	50·48		
Tirhoot (*i*)	658·63		
		7,663·33	
(xi) District Boards' lines—			
Tanjore District Board (*h*) . . .	...	103·36	
(xii) Branch line companies' railways assisted by Government under "rebate" terms—			
Ahmedabad-Dholka (*f*)	33·50		
Ahmedabad-Parantij (*f*)	54·70		
Mymensing-Jamalpur-Jagannathganj (*j*) .	53·22		
		141·42	
(xiii) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Rohilkund and Kumaon	...	147·87	
B. Subsidized by Local Governments—			
Dibru-Sadiya	...	77·50	
C. Subsidized by District Boards—			
Bengal-Dooars	...	36·40	
D. Receiving land only from Government—			
Bengal and North-Western . . .	993·12		
Bengal-Dooars Extensions . . .	116·56		
Deoghur	4·79		
		1,114·47	
(xiv) Unassisted companies' lines—			
Ledo and Tikak-Margherita (*k*) . . .	...	8·50	
Carried over .	...	10,115·79	15,630·08

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

(*a*) Worked by the Southern Mahratta Railway Company.
(*b*) Worked by the Jodhpur-Bikaner Railway.
(*c*) The Native State section of this railway forms an integral part of the Jodhpur section of the Jodhpur-Bikaner Railway.
(*d*) Worked by the Rohilkund and Kumaon Railway Company.
(*e*) Worked by the Madras Railway Company.
(*f*) Worked by the Bombay, Baroda and Central India Railway Company.
(*g*) Includes 2·10 miles at Ujjain, 3·07 miles between Agra Cantonment and Jumna East Bank and 0·94 mile between Lahori Gate Cabin and Brewery Cabin, Delhi, laid on the 5′ 6″ gauge, and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State Railways.
(*h*) Worked by the South Indian Railway Company.
(*i*) Worked by the Bengal and North-Western Railway Company.
(*j*) Worked by the Eastern Bengal State Railway.
(*k*) Worked by the Assam Railways and Trading Company.

	Miles.	Miles.	Miles.
Brought forward	...	10,115·79	15,630·08
3′ 3⅜″ gauge—concld.			
(xv) Native State lines—			
A. Worked by Native States—			
Bhavnagar-Gondal-Junagad-Porbandar	(*a*) 334·19		
Bikaner	245·35		
Dhrangadra (*b*)	29·83		
Jamnagar (*b*)	(*c*) 54·22		
Jetalsar-Rajkot (*b*)	46·21		
Jodhpur	463·89		
Morvi	(*d*) 94·64		
Udaipur-Chitor	67·30		
		1,326·63	
B. Worked by companies—			
Birur-Shimoga (*e*)	37·92		
Gaekwar's Mehsana (*f*)	92·63		
Hindupur (Yesvantpur-Mysore frontier) (*e*)	51·35		
Hyderabad-Godavari Valley (*g*)	(*h*) 391·13		
Jaipur (*f*)	32·18		
Kolhapur (*e*)	29·27		
Mysore-Nanjangud (*e*)	15·80		
Shoranur-Cochin (*i*)	64·75		
Tinnevelly-Quilon (Travancore) *Native State section*) (*j*)	57·98		
Vijapur-Kalol-Kadi (*f*)	41·37		
		814·38	
(xvi) Lines in Foreign Territory—			
Karaikkal-Peralam (*j*)	14·65		
Pondicherry (*j*)	7·85		
West of India Portuguese (*e*)	51·10		
		73·60	
Total 3′ 3⅜″ gauge	...	...	12,339·40
2′ 6″ and 2′ 0″ gauges—			
(xvii) State lines worked by the State—			
Dandot Light (2′ 0″) (*k*)	6·18		
Jorhat (2′ 0″)	31·75		
Kalka-Simla (2′ 6″) (*k*)	59·44		
Khushalgarh-Kohat-Thal (2′ 6″) (*k*)	91·73		
Nowshera-Durgai (2′ 6″) (*k*)	40·25		
		229·35	
Carried over	...	229·35	27,960·48

(*a*) Includes 5·23 miles of Bhavnagar Dock estates and Junagad quarry lines.
(*b*) Worked by the Bhavnagar-Gondal-Junagad-Porbandar Railway.
(*c*) Includes 3·93 miles of the Bedi Bandar Dock estate lines.
(*d*) Includes 20·70 miles of 2′ 6″ gauge line between Vankaner and Morvi.
(*e*) Worked by the Southern Mahratta Railway Company.
(*f*) Worked by the Bombay, Baroda and Central India Railway Company.
(*g*) Worked by His Highness the Nizam's Guaranteed State Railways Company.
(*h*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by His Highness the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.
(*i*) Worked by the Madras Railway Company.
(*j*) Worked by the South Indian Railway Company.
(*k*) Worked by the North Western State Railway.

	Miles.	Miles.	Miles.
Brought forward	...	229·35	27,960·48
2′ 6″ and 2′ 0″ gauges—concld.			
(xviii) State lines worked by companies—			
Jubbulpore-Gondia Extension (2′ 6″) (*a*)	250·77		
Morappur-Dharmapuri (2′ 6″) (*b*)	18·53		
Raipur-Dhamtari (2′ 6″) (*a*)	56·94		
Tirupattur-Krishnagiri (2′ 6″) (*b*)	25·38		
		351·62	
(xix) Assisted companies' lines—			
A. Subsidized by Local Governments—			
Darjeeling-Himalayan (2′ 0″)	51·00		
Thaton-Duyinzaik (2′ 6″)	7·76		
		58·76	
B. Subsidized by District Boards—			
Baraset-Basirhat Light (2′ 6″)	26·06		
Bukhtiarpore-Behar Light (2′ 6″)	18·50		
Howrah-Amta Light (2′ 0″)	37·19		
Howrah-Sheakhala Light (2′ 0″)	19·75		
Tezpore-Balipara Light (2′ 6″)	20·10		
		121·60	
C. Receiving land only from Government—			
Barsi Light (2′ 6″)	78·50		
Matheran (2′ 0″) (*c*)	12·61		
Powayan Light (2′ 6″) (*d*)	39·50		
		130·61	
(xx) Unassisted companies' lines—			
Tarakeshwar-Magra Light (2′ 6″)	...	33·27	
(xxi) Native State lines—			
A. Worked by Native States—			
Cutch (2′ 6″)	...	11·67	
B. Worked by companies—			
Gaekwar's Dabhoi (2′ 6″) (*e*)	94·48		
Gwalior Light (2′ 0″) (*c*)	183·53		
Mourbhanj (2′ 6″) (*a*)	32·41		
Parlakimedi Light (2′ 6″) (*a*)	24·62		
Rajpipla (2′ 6″) (*e*)	37·37		
		372·41	
C. Worked by State railway agency—			
Cooch Behar (2′ 6″) (*f*)	...	33·60	
Total 2′ 6″ and 2′ 0″ gauges	...	...	1,34
Total mileage open of all railways on the 31st March 1907	...	..	29,30

(*a*) Worked by the Bengal-Nagpur Railway Company.
(*b*) Worked by the Madras Railway Company.
(*c*) Worked by the Great Indian Peninsula Railway Company.
(*d*) Worked by the Rohilkund and Kumaon Railway Company.
(*e*) Worked by the Bombay, Baroda and Central India Railway Company.
(*f*) Worked by the Eastern Bengal State Railway.

And the mileage under construction or sanctioned for construction on the same date was 3,149·82 miles, as follows:—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
Eastern Bengal—				
Durgapur Chur line	3·39			
Lalgola to Lalgola Ghat	2·75			
		6·14		
Nagda-Muttra	...	340·50		
North Western—				
Kacha Garhi to mile 22·50	22·50			
Khushalgarh bridge and approaches	3·63			
Lodhran to Khanewal	56·59			
Sangla Hill to Shahdara (near Lahore)	55·57			
Shorkot Road to Chichoki	130·65			
		268·94		
Oudh and Rohilkhand—				
Balamau to Sitapur (*a*)	37·12			
Rosa to Sitapur (*a*)	51·36			
		88·48		
			704·06	
(ii) State lines worked by companies—				
Azhikal-Mangalore—				
Kumbla to Mangalore	...	20·91		
Bengal-Nagpur—				
Kamptee to Ramtek	14·74			
Kandri Branch	2·53			
Sini to Gurumaishini (*a*)	44·00			
Vizianagram to Raipur	310·62			
		371·89		
East Indian—				
Agra direct access	1·75			
Barharwa to Katwa	99·14			
Bhagalpur to Bausi	31·04			
Borachuk to Sodepur	4·50			
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	1·19			
Ghat line to Dhulian	1·06			
Ghat line to Sajimpara	2·50			
Hooghly to Katwa	65·20			
Khurja to Hapur	38·87			
Mile 170⅞ from Howrah on the Jharia branch to Chandore	4·16			
Toposi to Baraboni	9·31			
		258·72		
Great Indian Peninsula—				
Kurla to Mazagaon	6·87			
Mahim link	1·32			
Warora to Balharshah	37·59			
		45·78		
Salem-Attur (*a*)	...	36·06		
			733·36	
Total 5′ 6″ gauge	...	...	...	1,437·42
3′ 3⅜″ gauge—				
(iii) State lines worked by the State—				
Eastern Bengal—				
Forbesganj to the Nepal Frontier	7·40			
Katihar to Godagari	105·00			
Kokrajhar to the Brahmaputra river opposite Gauhati	115·87			
		...	228·27	
Carried over	...	...	228·27	1,437·42

(*a*) Commencement of work not authorized.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	228·27	1,437·42
$3\frac{3}{8}$″ *gauge*—concld.				
(iv) State lines worked by companies—				
Assam-Bengal—				
Akhaura to Ashuganj . .	19·00			
Kalaura to the Khooseara river	16·00			
		35·00		
Burma—				
Neikban to Begayet . .	66·25			
Thamaing to Molagaon . .	6·70			
		72·95		
Burma Extensions—				
Henzada to Kyangin . .	65·66			
Pegu to Martaban . .	121·27			
		186·93		
Dhone-Kurnool . . .	...	32·00		
Nilgiri—				
Coonoor to Ootacamund .	...	11·75		
South Indian—				
Portion of the Rameswaram Extension . . .	3·17			
Tangachimadam to Port Ampthill	1·71			
Tiruppachetti to Sivagunga .	9·00			
		13·88		
Tirhoot—				
Bairagnia to Narkatiaganj .	58·05			
Bhagalpur Kachery to Bhagalpur	0·79			
Mansi to Makhana Bazar .	16·04			
Narkatiaganj to Bagaha .	26·24			
Saharsa to Murliganj . .	18·61			
		119·73		
			472·24	
(v) District Boards' lines—				
Bezwada-Masulipatam . .	...	...	49·47	
(vi) Assisted companies' lines—				
A. Subsidized by the Government of India—				
Rohilkund and Kumaon—				
Lalkua to Kashipur . .	36·43			
Moradabad to Ramnagar .	47·69			
			84·12	
B. Subsidized by Local Governments—				
Dibru-Sadiya—				
Talap to Saikhoa Ghat .	...	...	8·52	
C. Receiving land only from Government—				
Bengal and North-Western—				
Benares to Jhoosi . .	72·58			
Burhwal to Sitapur . .	59·79			
Daronda to Maharajganj .	3·90			
Savan to Thawe . .	17·83			
			154·10	
(vii) Native State lines worked by companies—				
Gaekwar's Mehsana—				
Chanasma to Bechraji . .	16·74			
Kheralu to Dabhora . .	7·73			
Manund Road to Harij . .	21·37			
		45·84		
Jaipur—				
Nawai to Siwai Madhopur .	...	40·65		
Sangli	...	5·77		
			92·26	
Total 3′ $3\frac{3}{8}$″ gauge .	...	...	...	1,088·98
Carried over .	...	...	...	2,526·40

	Miles.	Miles.	Miles.	Miles.
Brought forward	...	...	....	2,526·40
2′ 6″ and 2′ 0″ gauges—				
(viii) State lines worked by the State—				
Jullundur-Kapurthala-Sultanpur (*British section*) (*a*)—				
Jullundur to the British Frontier	...	...	6·80	
(ix) State lines worked by companies—				
Gondia-Chanda (2′ 6″)—				
Gondia to Chanda	148·65			
Nagbhir to Nagpur	63·75			
		212·40		
Jubbulpore-Gondia Extension (2′ 6″)—				
Khirsadoh to Sirgora	7·76			
Nainpur to Mandla	32·14			
		39·90		
Purulia-Ranchi (2′ 6″)	...	72·28		
			324·58	
(x) Assisted companies' lines—				
A. Subsidized by District Boards—				
Howrah-Amta Light (2′ 0″)—				
Autpur to Champadanga (*b*)	9·00			
Autpur to Rajbulhat (*b*)	3·50			
			12·50	
B. Receiving land only from Government—				
Dwara-Therria Light (2′ 6″)—				
Dwara to Maolong (*c*)	13·50			
Maolong to Therria Ghat (*b*)	6·00			
		19·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)—				
Baraut to Meerut (*b*)	30·00			
Delhi Shahdara to Saharanpur	95·00			
		125·00		
			144·50	
(xi) Native State lines—				
A. Worked by Native States—				
Cutch (2′ 6″)—				
Anjar to Bhuj	...	27·38		
Dholpur-Bari (2′ 6″)	...	19·25		
			46·63	
B. Worked by companies—				
Gwalior Light (2′ 0″)—				
Sabalgarh to Shiupur	...	...	66·39	
C. Worked by State railway agency—				
Jullundur-Kapurthala-Sultanpur (*Native State section*)—				
Sultanpur to the British Frontier (*a*)	...	...	22·02	
Total 2′ 6″ and 2′ 0″ gauges	...	...	...	623·42
Total of all railways under construction or sanctioned for construction on the 31st March 1907	...	...	...	3,149·82

There was thus a grand total of railways completed and in hand on the 1st April 1907, of 32,453·19 miles.

(*a*) Commencement of work not authorized and question of gauge not finally settled.

(*b*) Commencement of work not authorized.

(*c*) Completion deferred.

During 1907-1908, *i.e.*, from the 1st April 1907 to the 31st March 1908, 301·57 miles of new railway have been authorised as follows:—

	Miles.	Miles.	Miles.
3′ 3⅜″ gauge—			
(i) State lines worked by companies—			
South Indian—			
Rameswaram to Danishkodi	...	11·30	
(ii) Assisted companies' lines receiving land only from Government—			
Bengal and North-Western—			
Madho Singh to the Ganges river opposite Mirzapur	10·30		
Mirpur Khas-Jhudo	48·00		
		58·30	
(iii) Native State lines worked by Native States—			
Bikaner—			
Seyangarh to Hissar	135·68		
Jodhpur—			
Degana to Seyangarh	61·35		
		197·03	
Total 3′ 3⅜″ gauge	...	...	266·63
2′ 6″ gauge—			
(iv) Assisted companies' lines subsidized by District Boards—			
Baraset-Basirhat Light—			
Basirhat to Hosanabad	...	8·50	
(v) Native State lines worked by companies—			
Kosamba-Zankavav	...	26·44	
Total 2′ 6″ gauge	...	...	34·94
Total	...	...	301·57

And 985·16 miles have been or are likely to be opened to public traffic as follows:—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
Eastern Bengal—				
Durgapur Chur Line	*4·51			
Lalgola to Lalgola Ghat	2·75			
		7·26		
North Western—				
Khushalgarh bridge and approaches	*3·67			
Sangla Hill to Shahdara (near Lahore)	55·57			
		59·24		
			66·50	
(ii) State lines worked by companies—				
Azhikal-Mangalore—				
Kumbla to Mangalore	...	20·91		
Bengal-Nagpur—				
Kamptee to Ramtek	...	*14·24		
East Indian—				
Agra direct access	1·75			
Barharwa to Dhulian	17·35			
Khurja to Hapur	*39·54			
		58·64		
Great Indian Peninsula—				
Warora to Balharshah	...	*37·50		
Nagda-Muttra—				
Nagda to Kotah	...	140·54		
			271·83	
Total 5′ 6″ gauge	...	...	...	338·33
Carried over	...	...	...	338·33

* Correction of mileage.

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	338·33
3′ 3⅜″ gauge—				
(iii) State lines worked by companies—				
Burma Extensions—				
Henzada to Danbi . . .	13·50			
Pegu to Martaban . . .	121·27			
		134·77		
Tirhoot—				
Bairagnia to Narkatiaganj .	*56·62			
Bhagalpur Kachery to Bhagalpur	0·79			
Mansi to Makhana Bazar .	16·04			
Narkatiaganj to Bagaha Ghat .	26·24			
Saharsa to Murliganj . .	18·61			
		118·30		
			253·07	
(iv) District Boards' lines—			*49·38	
Bezwada-Muslipatam . .	...	...		
(v) Assisted companies lines—				
A. Subsidized by the Government of India—				
Rohilkund and Kumaon—				
Lalkua to Kashipur . .	36·43			
Moradabad to Ramnagar .	47·69			
			84·12	
B. Receiving land only from Government—				
Bengal and North-Western—				
Daronda to Maharajganj .	3·90			
Sawan to Thawe . .	*17·82			
			21·72	
(vi) Native State lines worked by companies—				
Jaipur—				
Nawai to Sawai Madhopur .	...	*40·66		
Sangli—				
Miraj to Sangli . . .	...	*4·90		
			45·56	
Total 3′ 3⅜″ gauge .	...	...	...	453·85
2′ 6″ gauge—				
(vii) State lines worked by companies—				
Jubbulpore-Gondia Extension—				
Khirsadoh to Sirgora .	...	*8·43		
Purulia-Ranchi . . .	...	72·28		
			80·71	
(viii) Assisted companies' lines receiving land only from Government—				
Shahdara (Delhi)-Saharanpur—				
Delhi Shahdara to Saharanpur .	...	...	*93·02	
(ix) Native State lines worked by Native States—				
Dholpur-Bari . . .	...	...	19·25	
Total 2′ 6″ gauge .	...	...	...	192·98
Total .	...	...	...	985·16

* Correction of mileage.

The total length of open line at the commencement of 1908-1909, *i.e.*, on the 1st April 1908, will, therefore, be 30,286·65 miles, comprising—

	Miles.	Miles.	Miles.
5′ 6″ gauge—			
(i) State lines worked by the State—			
Eastern Bengal	507·47		
North Western	(*a*)* 3,460·15		
Oudh and Rohilkhand	(*b*) 1,223·23		
		5,190·85	
(ii) State lines worked by companies—			
Agra-Delhi Chord (*c*)	125·99		
Azhikal-Mangalore (*d*)	77·26		
Baran-Kotah (*c*)	40·00		
Bengal-Nagpur	*1,733·36		
Bezwada Extension (*e*)	20·58		
Bhopal-Itarsi (*British section*) (*c*)	13·11		
Bombay, Baroda and Central India	(*f*) 504·35		
East Indian	*2,226·09		
Godhra-Rutlam-Nagda (*g*)	141·14		
Great Indian Peninsula	1,599·13		
Indian Midland (*c*)	809·85		
Madras (North-East line) (*h*)	(*i*) 498·04		
Madras and Southern Mahratta	535·75		
South Indian	369·27		
Nagda-Muttra (*g*)	140·54		
		8,834·46	
(iii) Companies' lines guaranteed by Government under the old contracts—			
Madras	...	(*j*)	
(iv) Companies' lines guaranteed by Government under modern contracts—			
Hardwar-Derha (*k*)	...	32·04	
(v) Branch line companies' railways assisted by Government under "rebate" terms—			
Amritsar-Patti (*l*)	27·49		
Southern Punjab (*l*)	425·33		
Southern Punjab (Ludhiana) Extension (*l*)	155·05		
Tapti Valley (*g*)	155·48		
		763·35	
Carried over	...	14,820·70	

(*a*) Includes 5·63 miles of military line not used for public traffic and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bhatinda and Kot Kapura, worked over by the North-Western State and Rajputana-Malwa Railways.

(*b*) Includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridg of mixed (5′ 6″ and 3′ 3⅜″) gauge line, and 1·81 miles of 3′ 3⅜″ gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway city stations at Benares.

(*c*) Worked by the Great Indian Peninsula Railway Company.

(*d*) Worked by the South Indian Railway Company.

(*e*) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(*f*) Includes 39·23 miles of 3′ 3⅜″ gauge line between Viramgam and Wadhwan.

(*g*) Worked by the Bombay, Baroda and Central India Railway Company.

(*h*) Worked by the Madras and Southern Mahratta Railway Company.

(*i*) Includes 1·89 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Bezwada and Kistna block hut, and 1·08 miles of 3′ 3⅜″ gauge line between Kistna block hut and Tadepalli

(*j*) Purchased by the State on 1st January 1908 and transferred to "State lines worked by companies" under the headings "Madras and Southern Mahratta" and "South Indian."

(*k*) Worked by the Oudh and Rohilkhand State Railway.

(*l*) Worked by the North-Western State Railway.

* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward	...	14,820·70	
5′ 6″ gauge—concld.			
(vi) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Delhi-Umballa-Kalka (*a*)	...	162·36	
B. Receiving land only from Government—			
Tarkessur (*a*)	...	22·23	
(vii) Native State lines—			
A. Worked by companies—			
Bhopal-Itarsi (*Native State section*) (*b*)	44·28		
Bhopal-Ujjain (*b*)	113·27		
Bina-Goona-Baran (*b*)	145·63		
Kolar Gold-fields (*c*)	9·88		
Nagda-Ujjain (*d*)	34·32		
Nizam's Guaranteed State	(*e*) 330·13		
Petlad-Cambay (Anand-Tarapur section) (*d*)	21·50		
Petlad-Cambay (Tarapur-Cambay section) (*d*)	12·30		
		711·31	
B. Worked by State railway agency—			
Jammu and Kashmir (*Native State section*) (*f*) and (*g*)	15·98		
Ludhiana-Dhuri-Jakhal (*f*)	78·65		
Rajpura-Bhatinda (*f*)	107·05		
		201·68	
(viii) Leased lines—			
South Behar (*a*)	...	78·76	
Total 5′ 6″ gauge	...	...	15,997·04
3′ 3⅜″ gauge—			
(ix) State lines worked by the State—			
Cawnpore-Burhwal (*metre gauge link*)	(*h*) 79·60		
Eastern Bengal—			
Behar, Kaunia-Dhubri and Northern sections (*including the British section of the Santrabari Extension and the Ranaghat-Krishnagar and Teesta-Kurigram branches*)	*680·22		
Dacca section	85·92		
		845·74	
Carried over	...	845·74	15,997·04

(*a*) Worked by the East Indian Railway Company.
(*b*) Worked by the Great Indian Peninsula Railway Company.
(*c*) Worked by the Madras and Southern Mahratta Railway Company.
(*d*) Worked by the Bombay, Baroda and Central India Railway Company.
(*e*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.
(*f*) Worked by the North-Western State Railway.
(*g*) The British section of this railway forms an integral part of the North-Western State Railway.
(*h*) Excludes 3·40 miles of the Lucknow-Bareilly Railway between Aishbagh and Daliganj, worked over, but includes 16·79 miles between Burhwal and Bara Banki and 0·59 mile on the Cawnpore Bridge of mixed (5′ 6″ and 3′ 3⅜″) gauge line of the Oudh and Rohilkhand State Railway.

* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward	...	845·74	15,997·04
3′ 3⅜″ *gauge*—contd.			
(x) State lines worked by companies—			
Assam-Bengal	775·28		
Bellary-Rayadrug (*a*)	33·35		
Burma	1,340·15		
Burma Extensions	134·77		
Guntakal-Mysore Frontier (*a*)	119·50		
Hospet-Kottur (*a*)	48·03		
Jodhpur-Hyderabad (*British section*) (*b*) and (*c*)	123·98		
Lucknow-Bareilly (*d*)	237·04		
Madras and Southern Mahratta	1,307·51		
Mysore section (Madras and Southern Mahratta) (*a*)	296·22		
Nilgiri (*e*)	16·99		
Palanpur-Deesa (*f*)	17·28		
Rajputana-Malwa (*f*)	(*g*) 1,774·36		
South Indian	865·25		
Tinnevelly-Quilon (Travancore) (*British section*) (*e*)	50·48		
Tirhoot (*h*)	*782·32		
		7,922·51	
(xi) District Boards' lines—			
Bezwada-Masulipatam (*a*)	49·38		
Tanjore District Board (*e*)	103·36		
		152·74	
(xii) Branch line companies' railways assisted by Government under "rebate" terms—			
Ahmedabad-Dholka (*f*)	33·50		
Ahmedabad-Parantij (*f*)	54·70		
Mymensing-Jamalpur-Jagannathganj (*i*)	*53·90		
		142·10	
(xiii) Assisted companies' lines—			
A. Subsidized by the Government of India—			
Rohilkund and Kumaon	...	281·99	
B. Subsidized by Local Governments—			
Dibru-Sadiya	...	77·50	
C. Subsidized by District Boards—			
Bengal-Dooars	...	36·40	
D. Receiving land only from Government—			
Bengal and North-Western	*1,014·83		
Bengal-Dooars Extensions	116·56		
Deoghur	4·79		
		1,136·18	
(xiv) Unassisted companies' lines—			
Ledo and Tikak-Margherita (*j*)	...	8·50	
Carried over	...	10,523·66	15,997·04

(*a*) Worked by the Madras and Southern Mahratta Railway Company.
(*b*) Worked by the Jodhpur-Bikaner Railway.
(*c*) The Native State section of this railway forms an integral part of the Jodhpur section of the Jodhpur-Bikaner Railway.
(*d*) Worked by the Rohilkund and Kumaon Railway Company.
(*e*) Worked by the South Indian Railway Company.
(*f*) Worked by the Bombay, Baroda and Central India Railway Company.
(*g*) Includes 2·10 miles at Ujjain, 3·07 miles between Agra Cantonment and Jumna East Bank and 0·94 mile between Lahori Gate Cabin and Brewery Cabin, Delhi, laid on the 5′ 6″ gauge, and 26·28 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State Railways.
(*h*) Worked by the Bengal and North-Western Railway Company.
(*i*) Worked by the Eastern Bengal State Railway.
(*j*) Worked by the Assam Railways and Trading Company.
* Correction of mileage.

	Miles.	Miles.	Miles.
Brought forward	...	10,523·66	15,997·04
3′ 3⅜″ gauge—concld.			
(xv) Native State lines—			
A. Worked by Native States—			
Bhavnagar-Gondal-Junagad-Porbandar	(*a*) 334·19		
Bikaner	245·35		
Dhrangadra (*b*)	20·83		
Jamnagar (*b*)	(*c*) 54·22		
Jetalsar-Rajkot (*b*)	46·21		
Jodhpur	463·89		
Morvi	(*d*) 94·64		
Udaipur-Chitor	67·30		
		1,326·63	
B. Worked by companies—			
Birur-Shimoga (*e*)	37·92		
Gaekwar's Mehsana (*f*)	92·63		
Hindupur (Yesvantpur-Mysore Frontier) (*e*)	51·35		
Hyderabad-Godavari Valley (*g*)	(*h*) 391·13		
Jaipur (*f*)	72·84		
Kolhapur (*e*)	29·27		
Mysore-Nanjangud (*e*)	15·80		
Sangli (*e*)	4·90		
Shoranur-Cochin (*i*)	64·75		
Tinnevelly-Quilon (Travancore) (*Native State section*) (*i*)	57·98		
Vijapur-Kalol-Kadi (*f*)	41·37		
		859·94	
(xvi) Lines in Foreign Territory—			
Karaikkal-Peralam (*i*)	14·65		
Pondicherry (*i*)	7·85		
West of India Portuguese (*e*)	51·10		
		73·60	
Total 3′ 3⅜″ gauge	...	...	12,783·83
2′ 6″ and 2′ 0″ gauges—			
(xvii) State lines worked by the State—			
Dandot Light (2′ 0″) (*j*)	6·18		
Jorhat (2′ 0″)	31·75		
Kalka-Simla (2′ 6″) (*j*)	59·44		
Kohat-Thal (2′ 6″) (*j*)	62·16		
Nowshera-Durgai (2′ 6″) (*j*)	40·25		
		199·78	
Carried over	...	199·78	28,780·87

(*a*) Includes 5·23 miles of Bhavnagar Dock estates and Junagad quarry lines.

(*b*) Worked by the Bhavnagar-Gondal-Junagad-Porbandar Railway.

(*c*) Includes 3·93 miles of the Bedi Bandar Dock estate lines.

(*d*) Includes 20·70 miles of 2′ 6″ gauge line between Vankaner and Morvi.

(*e*) Worked by the Madras and Southern Mahratta Railway Company.

(*f*) Worked by the Bombay, Baroda and Central India Railway Company.

(*g*) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(*h*) Includes 5·82 miles of mixed (5′ 6″ and 3′ 3⅜″) gauge line between Hyderabad and Secunderabad, worked over by His Highness the Nizam's Guaranteed State and the Hyderabad-Godavari Valley Railways.

(*i*) Worked by the South Indian Railway Company.

(*j*) Worked by the North Western State Railway.

	Miles.	Miles.	Miles.
Brought forward .	...	199·78	28,780·87
2′ 6″ and 2′ 0″ gauges—concld.			
(xviii) State lines worked by companies—			
Jubbulpore-Gondia Extension (2′ 6″) (*a*) .	*258·53		
Morappur-Dharmapuri (2′ 6″) (*b*) . .	18·53		
Purulia-Ranchi (2′ 6″) (*a*) . . .	72·28		
Raipur-Dhamtari (2′ 6″) (*a*) . . .	56·94		
Tirupattur-Krishnagiri (2′ 6″) (*b*) . . .	25·38		
		431·66	
(xix) Assisted companies' lines—			
A. Subsidized by Local Governments—			
Darjeeling-Himalayan (2′ 0″) . . .	51·00		
Thaton-Duyinzaik (2′ 6″) . . .	7·76		
		58·76	
B. Subsidized by District Boards—			
Baraset-Basirhat Light (2′ 6″) . . .	26·06		
Bukhtiarpore-Behar Light (2′ 6″) . .	18·50		
Howrah-Amta Light (2′ 0″) . . .	37·19		
Howrah-Sheakhala Light (2′ 0″) . .	19·75		
Tezpore-Balipara Light (2′ 6″) . . .	20·10		
		121·60	
C. Receiving land only from Government—			
Barsi Light (2′ 6″)	78·50		
Matheran (2′ 0″) (*c*)	* 12·76		
Powayan Light (2′ 6″) (*d*) . . .	39·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)	93·02		
		223·78	
(xx) Unassisted companies' lines—			
Tarakeshwar-Magra Light (2′ 6″) . .	...	33·27	
(xxi) Native State lines—			
A. Worked by Native States—			
Cutch (2′ 6″)	11·67		
Dholpur-Bari (2′ 6″)	19·25		
		30·92	
B. Worked by companies—			
Gaekwar's Dabhoi (2′ 6″) (*e*) . . .	94·48		
Gwalior Light (2′ 0″) (*c*) . . .	183·53		
Mourbhanj (2′ 6″) (*a*)	32·41		
Parlakimedi Light (2′ 6″) (*a*) . . .	24·62		
Rajpipla (2′ 6″) (*e*)	37·37		
		372·41	
C. Worked by State railway agency—			
Cooch Behar (2′ 6″) (*f*) . . .	...	33·60	
Total 2′ 6″ and 2′ 0″ gauges . .	...	...	1,505·78
Total mileage open of all railways on the 31st March 1908 . .	...	...	†30,286·65

(*a*) Worked by the Bengal-Nagpur Railway Company.
(*b*) Worked by the South Indian Railway Company.
(*c*) Worked by the Great Indian Peninsula Railway Company.
(*d*) Worked by the Rohilkund and Kumaon Railway Company.
(*e*) Worked by the Bombay, Baroda and Central India Railway Company.
(*f*) Worked by the Eastern Bengal State Railway.
* Correction of mileage.
† Made up as follows:—

Open at the commencement of 1907-1908 .		29,303·37
Add—		
Open during 1907-1908	985·16	
Net increase due to minor corrections of mileage .	5·36	
	30,293·89	
Deduct—		
Forbesganj-Debiganj section of the Eastern Bengal State Railway abandoned	7·24	
	30,286·65	

And the mileage under construction or sanctioned for construction on the 31st March 1908 will therefore be 2,457·16 miles, made up as follows:—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Kacha Garhi to mile 22·40	*22·40			
Lodhran to Khanewal	56·59			
Shorkot Road to Chichoki	130·65			
		209·64		
Oudh and Rohilkhand—				
Balamau to Sitapur (*a*)	37·12			
Rosa to Sitapur (*a*)	51·36			
		88·48		
			298·12	
(ii) State lines worked by companies—				
Bengal-Nagpur—				
Branch line near Khanoodih	*1·97			
Kandri Branch	2·53			
Sini to Gurumaishini (*a*)	44·00			
Vizianagram to Raipur (*b*)	310·62			
		359·12		
East Indian—				
Dhulian to Katwa	81·79			
Bhagalpur to Bausi	31·04			
Borachuk to Sodepur	4·50			
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	1·19			
Ghat line to Dhulian	1·06			
Ghat line to Sajimpara	2·50			
Hooghly to Katwa	65·20			
Mile 170$\frac{7}{8}$ from Howrah on the Jharia branch to Chandore	4·16			
Toposi to Baraboni	9·31			
		200·75		
Great Indian Peninsula—				
Kurla to Mazagaon	*6·83			
Mahim link	1·32			
		8·15		
Nagda-Muttra—				
Kotah to Muttra	...	199·96		
Salem-Attur (*a*)	...	36·06		
			804·04	
Total 5′ 6″ gauge	...	...	...	1,102·16
3′ 3$\frac{3}{8}$″ gauge—				
(iii) State lines worked by the State—				
Eastern Bengal—				
Forbesganj to the Nepal Frontier	7·40			
Katihar to Godagari	105·00			
Kokrajhar to the Brahmaputra river opposite Gauhati	*112·93			
			225·33	
Carried over	...	...	225·33	1,102·16

(*a*) Commencement of work not authorized.
(*b*) Commencement of work on the Parvatipuram-Raipur section deferred.
* Correction of mileage.

	Miles.	Miles.	Miles.	Miles.
Brought forward	...	...	225·33	1,102·16
3′ 3⅜″ gauge—concld.				
(iv) State lines worked by companies—				
Assam-Bengal—				
Akhaura to Ashuganj	* 19·32			
Kalaura to the Khooseara river	16·00			
		35·32		
Burma—				
Neikban to Begayet	66·25			
Thamaing to Malagaon	6·70			
		72·95		
Burma Extension—				
Danbi to Kyangin	...	52·16		
Dhone-Kurnool	...	32·00		
Nilgiri—				
Coonoor to Ootacamund	..	11·75		
South Indian—				
Portion of the Rameswaram Extension	3·17			
Rameswaram to Danishkodi	11·30			
Tangachimadam to Port Ampthill	1·71			
Tiruppachettai to Sivagunga	9·00			
		25·18		
			229·36	
(v) Assisted companies' lines—				
A. Subsidized by Local Governments—				
Dibru-Sadiya—				
Talap to Saikhoa Ghat	...	...	8·52	
B. Receiving land only from Government—				
Bengal and North-Western—				
Benares to Jhoosi	72·58			
Burhwal to Sitapur	59·79			
Madho Singh to the Ganges river opposite Mirzapur	10·30			
		142·67		
Mirpur Khas-Jhudo	...	48·00		
			190·67	
(vi) Native State lines—				
A. Worked by Native States—				
Bikaner—				
Seyangarh to Hissar	...	135·68		
Jodhpur—				
Degana to Seyangarh	...	61·35		
			197·03	
B. Worked by companies—				
Gaekwar's Mehsana—				
Chanasma to Bechraji	16·74			
Kheralu to Dabhora	7·73			
Manund Road to Harij	21·37			
			45·84	
Total 3′ 3⅜″ gauge	...	...	...	896·75
Carried over	...	...	...	1,998·91

* Correction of mileage.

	Miles	Miles.	Miles.	Miles.
Brought forward .	...	...	...	1,998·91
2′ 6″ and 2′ 0″ gauges—				
(vii) State lines worked by the State—				
Jullundur-Kapurthala-Sultanpur (*British section*) (*a*)—				
Jullundur to the British Frontier	...	...	6·80	
(viii) State lines worked by companies—				
Gondia-Chanda (2′ 6″)—				
Gondia to Chanda . .	148·65			
Nagbhir to Nagpur . .	63·75			
		212·40		
Jubbulpore-Gondia Extension (2′ 6″)—				
Nainpur to Mandla . .	...	*26·32		
			238·72	
(ix) Assisted companies' lines—				
A. Subsidized by District Boards—				
Baraset-Basirhat Light (2′ 0″)—				
Basirhat to Hosanabad . .	...	8·50		
Howrah-Amta Light (2′ 0″)—				
Autpur to Champadanga (*b*) .	9·00			
Autpur to Rajbulhat (*b*) .	3·50			
		12·50		
			21·00	
B. Receiving land only from Government—				
Dwara-Therria Light (2′ 6″)—				
Dwara to Maolong (*c*) . .	13·50			
Maolong to Therria Ghat (*b*) .	6·00			
		19·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)—				
Baraut to Meerut (*b*) . .	...	30·00		
			49·50	
(x) Native State lines—				
A. Worked by Native States—				
Cutch (2′ 6″)—				
Anjar to Bhuj . . .	...	...	27·38	
B. Worked by companies—				
Kosamba-Zankavav (2′ 6″) .	...	26·44		
Gwalior Light (2′ 0″)—				
Sabalgarh to Shiupur . .	...	66·39		
			92·83	
C. Worked by State Railway Agency—				
Jullundur-Kapurthala-Sultanpur (*Native State section*)—				
Sultanpur to the British Frontier (*a*) . . .	...	...	22·02	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	458·25
Total of all railways under construction or sanctioned for construction on the 31st March 1908	...	...	...	2,457·16

(*a*) Commencement of work not authorized and question of gauge not finally settled.

(*b*) Commencement of work not authorized.

(*c*) Completion deferred.

* Correction of mileage.

Making a grand total of railways completed and in hand at the commencement of 1908-1909 . . . . . *32,743·81

And showing, after allowing for lines abandoned and corrections of mileage, an advance on the previous year of miles 290·62

It is expected that the following lengths of unfinished line will be opened for public traffic in 1908-1909 :—

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Lodhran to Khanewal . .	...	...	56·59	
(ii) State lines worked by companies—				
Bengal-Nagpur—				
Vizianagram to Parvatipuram .	...	48·50		
East Indian—				
Toposi to mile 2·50 . .	...	2·50		
Great Indian Peninsula—				
Kurla to Mazagaon . .	6·83			
Mahim link	1·32			
		8·15		
Nagda-Muttra—				
Kotah to Muttra . . .	...	199·96		
			259·11	
Total 5′ 6″ gauge .	...	...	...	315·70
3 3⅜″ gauge—				
(iii) State lines worked by the State—				
Eastern Bengal—				
Forbesganj to the Nepal Frontier	7·40			
Katihar to Godagari . . .	105·00			
Kokrajhar to the Brahmaputra river opposite Gauhati .	112·93			
			225·33	
(iv) State lines worked by companies—				
Assam-Bengal—				
Akhaura to Ashuganj . .	...	19·32		
Burma Extensions—				
Danbi to Kyangin . .	...	52·16		
Dhone-Kurnool . . .	...	32·00		
Nilgiri—				
Coonoor to Fern Hill . .	...	11·00		
			114·48	
Total 3′ 3⅜″ gauge .	...	...	...	339·81
Carried over .	...	...	...	655·51

* Made up as follows :—

Completed and in hand at the beginning of 1907-1908 . . .		32,453·19
Add—		
Sanctioned during 1907-1908		301·57
Net increase due to minor corrections of mileage . . .		2·11
		32,756·87
Deduct—		
Forbesganj-Debiganj section of the Eastern Bengal State Railway abandoned	7·24	
Decrease in the mileage of the Mandla branch of the Bengal-Nagpur Railway	5·82	
		13·06
		32,743·81

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	655·51
2′ 6″ and 2′ 0″ gauges—				
(v) State lines worked by companies—				
Gondia-Chanda (2′ 6″)—				
Gondia to Nagpur . .	...	145·75		
Jubbulpore-Gondia Extension (2′ 6″)—				
Nainpur to Mandla . .	...	26·32		
(vi) Native State lines—			172·07	
A. Worked by Native States—				
Cutch (2′ 6″)—				
Anjar to Bhuj . . .	...		27·38	
B. Worked by companies—				
Gwalior Light (2′ 0″)—				
Sabalgarh to Shiupur . .	..	...	66·39	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	265·84
Total .	...	...	...	921·35

Leaving the undermentioned lines for completion in 1909-1910 or later.

	Miles.	Miles.	Miles.	Miles.
5′ 6″ gauge—				
(i) State lines worked by the State—				
North Western—				
Kacha Garhi to mile 22·40 .	22·40			
Shorkot Road to Chichoki .	130·65			
		153·05		
Oudh and Rohilkhand—				
Balamau to Sitapur (*a*) . .	37·12			
Rosa to Sitapur (*a*) . .	51·36			
		88·48		
			241·53	
(ii) State lines worked by companies—				
Bengal-Nagpur—				
Branch line near Khanoodih .	1·97			
Kandri Branch . . .	2·53			
Sini to Gurumaishini (*a*) .	44·00			
Parvatipuram to Raipur (*b*) .	262·12			
		310·62		
East Indian—				
Dhulian to Katwa . .	81·79			
Bhagalpur to Bausi . .	31·04			
Borachuk to Sodepur . .	4·50			
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai . . .	1·19			
Ghat line to Dhulian . .	1·06			
Ghat line to Sajimpara . .	2·50			
Hooghly to Katwa . .	65·20			
Mile 170¾ from Howrah on the Jharia branch to Chandore .	4·16			
Mile 2·50 to Baraboni . .	6·81			
		198·25		
Salem-Attur (*a*) . . .	...	36·06		
			544·93	
Total 5′ 6″ gauge .	...	...	..	786·46
Carried over .	..	...	...	786·46

(*a*) Commencement of work not authorized.
(*b*) Commencement of work deferred.

	Miles.	Miles.	Miles.	Miles.
Brought forward	...	...	...	786·46
3′ 3⅜″ gauge—				
(iii) State lines worked by companies—				
Assam-Bengal—				
Kalaura to the Khooseara river	...	16·00		
Burma—				
Neikban to Bigayet	66·25			
Thamaing to Malagaon	6·70			
		72·95		
Nilgiri—				
Fern Hill to Ootacamund	...	0·75		
South Indian—				
Portion of the Rameswaram Extension	3·17			
Rameswaram to Danishkodi	11·30			
Tangachimadam to Port Ampthill	1·71			
Tiruppachettai to Sivagunga	9·00			
		25·18		
			114·88	
(iv) Assisted companies' lines—				
A. Subsidized by Local Governments—				
Dibru-Sadiya—				
Talap to Shaikhoa Ghat	...	...	8·52	
B. Receiving land only from Government—				
Bengal and North-Western—				
Benares to Jhoosi	72·58			
Burhwal to Sitapur	59·79			
Madho Singh to the Ganges River opposite Mirzapur	10·30			
		142·67		
Mirpur Khas-Jhudo	...	48·00		
			190·67	
(v) Native State lines—				
A. Worked by Native States—				
Bikaner—				
Seyangarh to Hissar	...	135·68		
Jodhpur—				
Degana to Seyangarh	...	61·35		
			197·03	
B. Worked by companies—				
Gaekwar's Mehsana—				
Chanasma to Bechraji	16·74			
Kheralu to Dabhora	7·73			
Manund-Road to Harij	21·37			
			45·84	
Total 3′ 3⅜″ gauge	...	...	...	556·94
Carried over	...	...	...	1,343·40

	Miles.	Miles.	Miles.	Miles.
Brought forward .	...	...	...	1,343·40
2′ 6″ and 2′ 0″ gauges—				
(vi) State lines worked by the State—				
Jullundur-Kapurthala-Sultanpur (*British section*) (*a*)—				
Jullundur to the British Frontier	...	...	6·80	
(vii) State lines worked by companies—				
Gondia-Chanda (2′ 6″)—				
Nagbhir to Chanda . .	...	...	66·65	
(viii) Assisted companies' lines—				
A. Subsidized by District Boards—				
Baraset-Basirhat Light (2′ 6″)—				
Basirhat to Hosanabad . .	...	8·50		
Howrah-Amta Light (2′ 0″)—				
Autpur to Champadanga (*b*) .	9·00			
Autpur to Rajbulhat (*b*) . .	3·50			
		12·50		
			21·00	
B. Receiving land only from Government—				
Dwara-Therria Light (2′ 6″)—				
Dwara to Maolong (*c*) . .	13·50			
Maolong to Therria Ghat (*b*) .	6·00			
		19·50		
Shahdara (Delhi)-Saharanpur Light (2′ 6″)—				
Baraut to Meerut (*b*) . .	...	30·00		
			49·50	
(ix) Native State lines—				
A. Worked by companies—				
Kosamba-Zankavav (2′ 6″) .	...	...	26·44	
B. Worked by State railway agency—				
Jullundur-Kapurthala-Sultanpur (*Native State section*)—				
Sultanpur to the British Frontier (*a*).	...	...	22·02	
Total 2′ 6″ and 2′ 0″ gauges .	...	...	...	192·41
Total .	...	...	...	1,535·81

(*a*) Commencement of work not authorized and question of gauge not finally settled.
(*b*) Commencement of work not authorized.
(*c*) Completion deferred.

APPENDIX IV.

APPEN

COMMERCIAL AND

TABLE I.—MIS

	1899-1900.	1900-1901.	1901-1902.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	£ 2,774,623	£ 1,670,204	£ 4,950,243
Deficit	...	...	...
Capital Expenditure on Public Works not charged against Revenue*	£ 4,093,159	£ 4,040,958	£ 4,071,152
Ditto charge involved in Redemption of Liabilities	...	£ 5,922,350	...
Net Public Debt incurred	—121,298	£ 10,827,153	£ 2,582,283
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	£ —787,763	£ 12,173,251	£ 3,207,898
Value of commodities exported, excluding Gold and Silver	₹ 1,09,08,30,000	1,07,71,80,000	1,24,89,50,000
Ditto imported, ditto ditto	₹ 75,30,40,000	80,89,50,000	88,78,00,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 33,77,90,000	26,82,30,000	36,11,50,000
Net Imports of Gold	₹ 9,44,00,000	84,20,000	1,93,80,000
Ditto of Silver	₹ 3,57,70,000	9,50,70,000	7,19,30,060
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 13,01,70,000	10,34,90,000	9,13,10,000
Excess of Exports over Imports including Gold and Silver	₹ 20,76,20,000	16,47,40,000	26,98,40,000
Grand Total value of Imports and Exports of all kinds	₹ 2,13,31,80,000	2,27,41,70,000	2,45,74,80,000
Secretary of State's Bills sold (Rupees)	₹ 28,48,00,943	19,98,37,693	§ 27,83,01,050
Sterling Equivalent received	£ 19,067,022	13,300,277	§ 18,539,071
Silver coined at the Indian Mints	₹ 2,22,59,751	17,26,48,724	5,13,47,732
Maximum price in pence of an oz. troy, standard Silver in London	29 (Apl.)	30 3/16 (Oct.)	27 15/16 (Apl.)
Minimum ditto ditto	26 5/8 (Oct.)	27 5/16 (Apl.)	24 13/16 (Mar.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 4·0676d.	1s. 3·9733d.	1s. 3·9876d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	8 (Oct. 17 to 25 and Jan. 11 to Mar. 14).	8 (Feb. 7 to Mar. 20).	8 (Feb. 12 to Mar. 26)
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	4 (July 6 to Sept. 13).	3 (July 5 to Aug. 8).	3 (July 18 to Aug. 21).
Maximum rate of discount at the Bank of England	6 (Nov. 30 to Jan. 10).	5 (Jan. 3 to Feb. 1).	4 (Apl. to June 5 and Nov. to Jan. 22).
Minimum ditto ditto	3 (Apl. to July 12).	3 (June 14 to July 18).	3 (June 13 to Oct. 30, and Feb. 6 to Mar. 31).
Maximum Government balances at the three Presidency Banks	₹ 4,16,05,000 (June)	3,31,13,000 (Jan.)	3,38,00,000 (June)
Minimum ditto ditto	₹ 2,58,60,000 (Nov.)	2,59,78,000 (Nov.)	2,93,82,000 (Mar.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	101—9 (May 3 4 and 25 to 27).	97—12 (Oct. 24)	97—7 (Aug. 15)
Minimum ditto ditto	92—4 (Oct. 6)	93—11 (July 28)	94—7 (May 11)
Maximum price in Calcutta of 3 per cent Rupee Securities	95—8 (May 15 to 29).	89 (Apl. 5 & 6 and May 1 to 9).	87—0 (Apl. 1 to May 8).
Minimum ditto ditto	88 (Mar. 13 14, 19, 20 and 22 to 31).	85—12 (Feb. 4 to Mar. 25).	83—0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 21,36,32,000 (Apl.)	22,25,04,000 (Sept.)	22,34,60,000 (Apl.)
Minimum ditto ditto	₹ 20,28,73,000 (Aug.)	20,84,80,000 (Sept.)	20,23,95,000 (Dec.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	67 5/8 (Apl.)	65 (Nov.)	64 3/4 (Feb.)
Minimum ditto ditto	62 (Oct. and Dec.)	62 5/16 (July)	63 (July)
Maximum price in London of India 3½ per cent Stock	116¼ (Apl.)	111½ (Apl.)	109 5/8 (Aug.)
Minimum ditto ditto	104 3/4 (Dec.)	105 (July	106¼ (July)
Maximum price in London of India 3 per cent Stock	109¼ (Aug.)	103 5/8 (Apl.)	102 (June)
Minimum ditto ditto	98 3/4 (Dec.)	95 (Aug.)	97 3/16 (Oct.)
Maximum price in London of India 2½ per cent Stock	99¼ (Apl.)	90 3/8 (May)	87 (Apl.)
Minimum ditto ditto	85 (Dec.)	85 (Aug.)	84 1/8 (Dec.)
Maximum Government Paper Currency outstanding	₹ 29,27,12 000 (July)	30,78,41,000 (July)	31,85,96,000 (Oct.)
Minimum ditto ditto	₹ 26,26,32,000 (Dec.)	27,89,64,000 (Apl.)	27,67,80,000 (Feb.)
Number of Post Office Savings Banks	6,479	6,636	7,053
Number of accounts in Post Office Savings Banks	785,729	816,651	866,653
Amount deposited in Savings Banks	₹ 9,64,64,466	10,04,32,569	10,68,21,233
Average of each deposit	₹ 122·77	122·98	123·25
Net addition to deposits	₹ 21,64,425	39,68,102	63,88,664

* Excludes Capital charge involved in redemption of

§ Include remittances of the Gold Reserve Fund.

DIX IV

FINANCIAL STATISTICS.

CELLANEOUS.

1902-1903.	1903-1904	1904-1905.	1905-1906.	1906-1907.	1907-1908, Revised.	1908-1909, Budget.
£ 3,069,549	£ 2,996,400	£ 3,456,066	£ 2,091,854	£ 1,589,340	£ 235,400	£ 571,500
...	...	...	...	...	...	...
£ 5,128,192	£ 5,043,003	£ 6,258,195	£ 9,966,393	£ 8,712,668	£ 9,120,600	£ 9,555,100
...	...	...	£ 12,980,960	...	£ 2,144,800	...
£ 1,039,655	£ 2,146,825	£ 3,413,480	£ 16,752,546	£ 4,166,102	£ 10,846,800	£ 1,795,600
£ 1,414,781	£ 225,540	£ 4,488,109	£ 18,567,395	£ 2,144,709	£ 11,261,300	£ 11,261,300
1,29,39,60,000	1,53,51,70,000	1,57,72,20,000	1,61,83,50,000	1,76,67,40,000	1,48,55,30,000(b)	
85,81,90,000	92,59,20,000	1,04,41,30,000	1,12,11,40,000	1,17,24,20,000	1,1310,00,000(b)	
43,57,70,000	60,92,50,000	53,30,90,000	49,72,10,000	59,43,20,000	35,45,30,000(b)	
8,76,40,000	9,93,20,000	9,70,60,000	45,80,000	1,85,60,000	14,39,40,000(b)	
6,95,70,000	13,65,30,000	13,26,10,000	15,72,30,000	24,00,60,000	17,02,03,000(b)	
15,72,10,000	23,58,50,000	22,96,70,000	16,18,10,000	33,86,20,000	31,4 ,70,000(b)	
27,85,60,000	37,34,00,000	30,34,20,000	33,54,00,000	20,57,00,000	4,03,60,000(b)	
2,50,25,20,000	2,99,57,70,000	3,18,18,40,000	3,21,07,00,000	3,44,21,40,000	3,02,40,00,000(b)	
§27,74,67,265	§35,67,94,845	§36,53,57,364	§46,62,43,256(a)	49,09,99,935		
§18,499,947	§23,859,303	§24,425,558	§31,166,973(a)	3,29,07,196		
11,38,94,848	16,53,11,541	11,37,04,366	20,00,14,452	26,08,57,405		
$27\frac{1}{8}$ (Apl.)	$28\frac{1}{2}$ (Oct.)	$28\frac{9}{16}$ (Dec.)	$30\frac{13}{16}$ (Feb.)	$33\frac{1}{8}$ (Nov.)	$32\frac{3}{16}$ (Aug.)	
$21\frac{11}{16}$ (Nov.&Jan.)	$22\frac{3}{8}$ (Apl.)	$24\frac{4}{5}$ (Apl.)	$25\frac{7}{16}$ (Apl.)	$29\frac{5}{8}$ (Apl. & June)	24 (Dec.)	
1s. 4·0018d.	1s. 4·049d.	1s. 4·045d.	1s. 4·042d.	1s. 4·083d.	1s. 4·03d.	1s. 4d.
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.
8 (Feb. 19 to Mar. 25).	7 (from Jan. 21 to Mar. 9).	8 (from Mar. 9 to 22).	9 (from Feb. 1 to Mar. 14).	9 (from Dec. 6 to Mar. 31).	9 (Apl. 1 to 17& Jan. 16 to Mar. 4).	
3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9).	3 (June 23 to Oct. 5).	2 (July 20 to Aug. 16).	3 (from July 19 to Aug. 8).	3 (July 25 to Sept. 11).	
4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to Mar.).	4(Apl. 5 to 13)	4 (Sept. 28 to Mar.).	6 (Oct. 19 to Jan. 16).	7 (Nov. 7 to Dec. 31).	
3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).	$2\frac{1}{2}$ (from Mar. 9).	$2\frac{1}{2}$ (Apl. 1 to Sept. 7).	$3\frac{1}{2}$ (Apl. 5 to May 2, June 21 to Sept. 12).	$3\frac{1}{2}$ (March).	
3,60,28,000(Dec.)	3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	3,82,91,000 (May)	3,68,28,000 (Aug.)	4,01,51,000 (July)	
3,06,74,000(Oct.)	3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	2,84,08,000 (Nov.)	2,95,11,000 (Oct.)	2,86,56,000 (Apl.)	
...	...					
...	...					
99—9 (May 17)	99—7 (Apl. 27 & 28).	99—9 (Aug. 16 Mar. 2 & 3).	100—4 (Aug. 4)	99—11 (Apl.1 & 2).	98—6 (May 4 to 7).	
96—12 (Apl. 2 & 3)	94—10 (Jan. 9)	96—11 (Nov. 11)	97—8 (Jan. 9 & 10).	94—13 (Dec. 17 & 18).	95—8 (Jan. 14 & 15).	
87—8 (Mar. 30)	87—8 (Apl. 1)	87—4(from Mar. 3).	88—12 (Aug. 10 to 16).	87—2 (Apl. 1 to 19 & Apl. 24 to May 14).	82—8 (Apl. 1 to May 14).	
82—12(Apl.1 & 2)	85—4 (Feb. 8 to Mar. 31).	85—4 (Apl. 5 to May 3rd).	87—0 (Dec. 21 and Mar. 19 to 22).	82—8 (Feb 20to 26 & Mar. 28).	79 (Feb. 5 to Mar.).	
20,28,92,000(Apl.)	18,61,10,000(Apl.)	17,02,89,000(Apl.)	17,01,09,000(May)	16,92,17,000(Dec.)	16,44,30,000(Apl.)	
18,63,35,000(Mar.)	17,05,01,000 (Jan.)	16,50,97,000(Feb.)	16,21,03,000(Dec.)	16,30,8,000(July)	15,23,61,000(Feb.)	
...	...	...	...			
...	...	...	...			
$66\frac{1}{8}$ (Feb.&Mar.)	$66\frac{3}{16}$ (Sept.)	$66\frac{5}{8}$(Feb. & Mar.)	$66\frac{11}{16}$ (Aug.)	$66\frac{3}{8}$ (Apl.)	$64\frac{3}{4}$ (Apl. & May)	
$64\frac{1}{2}$(Apl.& June)	64 (Jan. & Feb.)	65 (July)	$65\frac{5}{8}$ (June)	$64\frac{3}{16}$ (Dec.)	$62\frac{3}{4}$ (Nov.)	
$110\frac{5}{8}$ (June)	$108\frac{7}{8}$ (July)	109 (Feb.)	$107\frac{5}{8}$ (Apl.)	106 (Apl.)	$102\frac{3}{4}$ (Apl.)	
$105\frac{1}{4}$ (Mar.)	102 (Jan.)	103 (Apl.)	$103\frac{1}{8}$ (Oct.)	$99\frac{1}{2}$ (Mar.)	$96\frac{3}{4}$ (Aug.)	
$102\frac{1}{4}$ (June)	$100\frac{1}{4}$ (May)	$99\frac{5}{8}$(Feb.)	$98\frac{11}{16}$ (Apl.)	$97\frac{1}{4}$ (Apl)	$92\frac{3}{8}$ (Jan.)	
$98\frac{1}{4}$ (Mar.)	$93\frac{3}{4}$ (Mar.)	$93\frac{1}{8}$ (Aug.)	$94\frac{7}{8}$ (Oct.)	$88\frac{1}{2}$ (Mar.)	$84\frac{1}{2}$ (Sept.)	
$90\frac{1}{8}$ (June)	$85\frac{1}{4}$ (Apl)	$85\frac{1}{4}$ (Feb.)	$84\frac{1}{4}$ (Apl.)	82 (Apl.)	78 (Jan.)	
$84\frac{1}{2}$ (Mar.)	$78\frac{3}{4}$ (Mar.)	$79\frac{1}{4}$ (Apl.)	$79\frac{5}{8}$ (Oct.)	75 (Mar.)	$70\frac{1}{2}$ (Aug.)	
35,72,36,000(Mar.)	38,21,17,000(Mar.)	42,51,61,000 (July)	44,65,66,000(Mar)	47,30,20,000 (July)	52,74,34,000(Sept.)	
31,24,79,000(Apl.)	33,94,09,000 (Apl.)	36,11,07,000(Apl.)	39,63,12,000(Dec.)	42,89,24,000 (May)	41,81,65,000(Jan.)	
7,075	7,372	7,855	8,071	8,049		
922,353	987,635	1,058,813	1,115,758	1,190,220		
11,42,15,534	12,33,36,717	13,40,70,130	13,99,26,260	14,76,69,779		
123·83	124·88	126·62	130·83	133·99		
73,94,301	91,21,183	1,07,33,414	58,56,130	77,43,519		

liabilities.

(a) Include remittance of the Currency Department.

(b) Figures for ten months of 1907-1908.

APPENDIX IV—*continued.*

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	Accounts.					Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907.		
	Miles.	*Miles.*	*Miles.*	*Miles.*	*Miles.*	*Miles.*	*Miles.*
Open mileage at end of official year	1,349	1,408	1,408	904	904	9,05	...
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Gross traffic receipts	2,82,66,517	2,99,01,287	3,23,13,144	2,81,37,181	1,52,03,434	1,15,39	...
Working expenses	1,40,73,782	1,57,79,341	1,61,90,936	1,43,07,550	92,21,417	81,60	...
Percentage of working expenses on receipts	49·79	52·77	50·11	50·85	60·65	70·72	...
Net Revenue	1,41,92,735	1,41,21,946	1,61,22,208	1,38,29,631	59,82,017	33,79	...
Guaranteed Interest paid in England £	1,026,892	1,032,772	*1,047,316	*1,052,955	584,751	576,6	...
Ditto converted at Rs. 15 = £1 from 1898-99	1,54,03,371	1,54,91,582	1,57,09,732	1,57,94,325	87,71,265	86,49	...
Guaranteed interest paid in India *plus* interest on overdrawn Capital	1,24,895	2,28,672	2,77,131	40,318	...	57	...
Surplus paid to Railway Companies	13,33,564	15,27,629	19,08,241	17,73,467	9,05,248	1,30	..
Land and Supervision	—*95,196*	3,359	(*a*) 1,12,648	1,19,911	—*2,79,713*	1,65	...
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	3,59,811	8,46,623	4,72,410	5,66,282	6,62,552	2,85	...
Total Expenditure	1,71,26,445	1,80,97,865	1,84,80,162	1,82,94,303	1,00,59,352	92,86	...
Net Expenditure from the Public Treasury	29,33,710	39,75,919	23,57,954	44,64,672	40,77,335	59,07	...

The Accounts for 1904 1905 and for 1905-1906 include £2,173 and £14,335 respectively on account of "Interest on advances" to Guaranteed Railway Companies (B., B. and C. I. Railway).

(*a*) Excludes the net credit under supervision, *vide* Account 54 A of the Finance and Revenue Accounts for 1904-1905.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1906-1907 and Estimated Expenditure on such works in 1907-1908 and 1908-1909, and to end of 1908-1909.

RAILWAYS.	To end of 1905-1906.	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.	To end of 1908-1909.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
OPEN LINES.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
East Indian	37,34,48,601	2,29,41,816	1,96,41,000	1,82,82,000	43,43,13,417	43,43,13,417	...	(*a*) Rs 1,796 outlay prior to March 1900 on the metre gauge line between Bhatinda and Ferozepore transferred from Rajputana-Malwa railway to North Western railway.
Rajputana-Malwa System	(*a*)15,91,68,327	27,60,002	38,40,000	36,09,000	16,93,77,329	16,93,77,329	...	
Palanpur-Deesa	2,38,069	1,086	...	...	2,39,155	2,39,155	...	
Rewari-Phulera	47,93,212	3,76,883	...	...	51,70,095	51,70,095	...	
Bhopal	32,13,558	1,10,082	1,10,000	1,00,000	35,33,640	35,33,640	...	
Warora Colliery	12,97,760	—*16,500*	—*1,69,000*	...	11,12,260	11,12,260	...	
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...	
Assam-Bengal (Construction)	7,41,85,109	23,33,945	2,15,000	36,91,000	8,04,25,054	8,04,25,054	...	
Ditto (Land)	36,90,704	5,40,996	12,000	...	42,43,700	42,43,700	...	
Jorhat	9,08,575	13 432	17,000	4,000	9,43,007	9,43,007	...	(*b*) Rs. 86,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner Railway.
Eastern Bengal	17,48,92,873	58,68,532	96,19,000	85,90,000	19,89,70,405	19,89,70,405	...	
Tirhoot and Extensions	6,39,33,475	45,25,989	37,48,000	28,52,000	7,50,59,464	7,50,59,464	...	
Oudh and Rohilkhand	21,81,23,993	35,53,890	54,08,000	31,36,000	23,02,21,883	23,02,21,883	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
North-Western	(*a,b*)53,27,81,875	2,26,49,975	1,65,85,000	2,15,98,000	59,36,14,850	59,36,14,850	...	(*c*) Includes Rs. 9,72,065 on account of outlay on Berar railways brought on.
Guntakal Mysore Frontier	59,24,020	979	10,000	...	59,34,999	59,34,999	...	
South Indian	10,68,92,512	27,88,081	26,87,000	30,98,000	11,54,65,593	11,54,65,593	...	
Tanjore District Board	29,42,803	35,119	3,000	...	29,80,922	29,80,922	...	
Jodhpur-Hyderabad (British Section)	(*b*)39,74,527	49,445	1,93,000	34,000	42,50,972	42,50,972	...	
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...	
Frontier Railway Reserve Material	43,98,177	—*701*	...	...	43,97,476	43,97,476	...	
Great Indian Peninsula and Warora-Bellarpur	(*c*)13,44,92,127	83,72,477	1,71,86,000	1,25,10,000	17,25,60,604	17,25,60,604	...	
Agra-Delhi Chord	1,24,89,272	2,97,188	1,30,000	5,000	1,29,21,460	1,29,21,460	...	
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Madras Railway—North-East Line	6,52,85,342	6,22,110	8,40,000	...	6,67,47,452	6,67,47,452	...	
Madras Railway System—overdrawn Capital	...	...	1,03,99,000	...	1,03,99,000	1,03,99,000	...	
Bezwada Extension	11,80,726	1,055	2,000	3,000	11,86,781	11,86,781	...	
Nilgiri Railway	37,02,834	39,560	15,000	45,000	38,02,394	38,02,394	...	
Bombay, Baroda and Central India	20,24,78,750	9,82,276	33,00,000	34,31,000	21,01,92,026	21,01,92,026	...	
Rohri-Samasata Doubling	75,74,115	39,27,385	13,65,000	3,97,000	1,32,63,500	1,32,63,500	...	
Tinnevelly Quilon—British Section	43,60,757	15,164	15,000	15,000	44,05,921	44,05,921	...	
Ditto Native State Section	1,18,20,206	—*4,332*	—*3,000*	5,000	1,18,17,874	1,18,17,874	...	
Ahmedabad Dholka (earthwork, etc.)	59,900	...	...	...	59,900	59,900	...	
Rohilkhand and Kumaon Railway (Kachhaghat bridge)	...	...	76,000	...	76,000	76,000	...	
Carried over	2,29,13,34,279	8,27,85,934	9,52,44,000	8,14,05,000	2,55,07,69,213	2,55,07,69,213		

APPENDIX IV—*continued.*

RAILWAYS.	To end of 1905-1906.	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.	To end of 1908-1909.	Sanctioned Outlay.	Balance remaining unspent.	
Brought forward	2,29,13,34,279	8,27,85,934	9,52,44,000	8,14,05,000	2,55,07,69,213	2,55,07,69,213	...	
Madras Railway—Purchase	...	...	3,21,72,000	...	3,21,72,000	3,21,72,000	...	
Southern Mahratta Railway—Madras Railway Section	...	...	13,00,000	7,56,000	20,56,000	20,56,000	...	
Bellary-Royadrug	7,74,964	3,745	10,000	3,000	7,91,709	7,91,709	...	
Hospet-Kottur	14,02,335	16,337	1,08,000	8,000	15,34,672	15,34,672	...	
Tirupatur-Krishnagiri	10,77,250	4,606	9,000	...	10,90,856	10,90,856	...	
Morappur-Dhurmapuri	8,16,376	26,938	1,000	...	8,44,314	8,44,314	...	
TOTAL OPEN LINES	2,29,54,05,204	8,28,37,560	12,88,44,000	8,21,72,000	2,58,92,58,764	2,58,92,58,764	...	
LINES UNDER CONSTRUCTION.								
Forbesganj-Nepal Frontier	64,887	1,01,499	65,000	20,000	2,51,386	2,22,024	*—29,362*	
Shahdera-Sangla	18,32,377	7,43,500	2,65,000	86,000	29,26,877	28,79,068	*—47,809*	
Lodhran-Khanewal	(*a*) 7,216	7,51,038	26,70,000	9,50,000	43,78,254	45,15,000	1,36,746	
Burma Railway Extensions	84,28,719	54,19,444	42,00,000	30,50,000	2,10,98,163	1,85,81,888	*—25,16,275*	
Khusalgarh-Kohat Railway—Conversion and Indus Bridge.	11,15,980	16,52,810	9,48,000	1,47,000	38,63,790	31,92,047	*—6,71,743*	
Coonoor-Ootacamund	9,06,897	6,53,594	8,73,000	3,57,000	27,90,491	28,52,880	62,389	(*a*) Survey outlay brought on to the construction account during 1905-1906.
Jech-Doab (Southern Section)	63,49,162	5,32,826	96,000	...	69,77,988	70,77,733	99,745	
Shorkot Road Chichoki	(*a*) 18,566	3,34,305	13,96,000	16,00,000	33,48,871	81,34,076	47,85,205	
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	15,000	469	
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689	
Azikhal-Mangalore	1,06,21,152	20,40,528	6,92,000	*—2,62,000*	1,30,91,680	1,29,04,981	*—1,86,699*	
Golakganj-Gauhati	54,81,295	28,53,184	16,27,000	16,00,000	1,15,61,479	92,31,245	*—23,30,234*	
Shilman Branch	8,70,264	20,09,123	17,86,000	11,60,000	58,25,387	1,00,00,000	41,74,613	
Kurnool-Kurnool Road	(*a*) 13,574	93,650	4,00,000	4,48,000	9,55,224	9,65,706	10,482	
Thal-Parachinar Railway and Kohat Thal Conversion	(*a*) 1,05,957	3,64,795	8,47,000	...	13,17,752	85,00,000	71,82,248	
Carried over	3,58,58,888	1,75,50,296	1,58,65,000	91,56,000	7,84,30,184	8,91,00,648	1,06,70,464	
TOTAL OPEN LINES, carried over	2,29,54,05,204	8,28,37,560	12,88,44,000	8,21,72,000	2,58,92,58,764	2,58,92,58,764	...	

Railways.	To end of 1905-1906.	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.	To end of 1908-1909.	Sanctioned Outlay.	Balance remaining unspent.
TOTAL OPEN LINES, brought forward	2,29,54,05,204	8,28,37,560	12,88,44,000	8,21,72,000	2,58,92,58,764	2,58,92,58,764	...
Brought forward	3,58,58,888	1,75,50,296	1,58,65,000	91,56,000	7,84,30,284	8,91,00,648	1,06,70,464
Barun Kotah	1,06,878	19,32,875	13,00,000	11,00,000	44,39,753	45,91,830	1,52,077
Nagda-Muttra	82,39,372	1,42,08,488	77,31,000	70,87,000	3,72,65,860	4,00,30,069	27,64,209
Katihar-Godagiri	36,59,941	31,86,776	23,88,000	18,00,000	1,10,34,717	1,04,86,222	*—5,48,495*
TOTAL LINES UNDER CONSTRUCTION	4,78,65,079	3,68,78,435	2,72,84,000	1,91,43,000	13,11,70,514	14,42,08,769	1,30,38,255
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.							
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	...
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...
Nagpur-Chhattisgarh Depreciation Account	6,57,038	...	...	...	6,57,038	6,57,038	...
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...
TOTAL LINES IN ABEYANCE, ETC.	1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...
Stores	15,52,375	*—8,90,214*	...	...	6,62,161	6,62,161	...
Reserve	...	...	...	2,70,27,000	2,70,27,000	2,70,27,000	...
GRAND TOTAL, carried over	2,36,33,90,472	11,88,25,781	15,61,28,000	12,83,42,000	2,76,66,86,253	2,77,97,24,508	1,30,38,255

APPENDIX IV—*continued.*

RAILWAYS.	To end of 1905-1906.	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.	To end of 1908-1909.	Sanctioned Outlay.	Balance remaining unspent.
GRAND TOTAL, brought forward .	2,36,33,90,472	11,88,25,781	15,61,28,000	12,83,42,000	2,76,66,86,253	2,77,97,24,508	1,30,38,255
Distributed as under—							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construction* . . .	1,42,17,89,649	11,87,25,604	12,38,08,000	12,83,27,000	1,79,26,50,253		
Redemption of Liabilities†	78,67,98,043	...	3,21,72,000	..	81,89,70,043		
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,64,52,657	51,626	1,28,000	11,000	7,66,43,283		
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712		
CONSTRUCTION OF RAILWAYS (charged to Provincial or Local Revenues).	1,02,50,623	48,551	20,000	4,000	1,03,23,174		
OTHER EXPENDITURE charged against Revenue .	1,35,63,788	...	...	...	1,35,63,788		
TOTAL AS ABOVE .	2,36,33,90,472	11,88,25,781	15,61,28,000	12,83,42,000	2,76,66,86,253	2,77 97,24,508	1,30,38,255

* INCLUDES DEBENTURES RAISED BY COMPANIES—

East Indian Railway	11,80,56,409	...	2,84,56,000	3,60,00,000	18,25,12,409
South Indian Railway	2,27,07,237	...	—18,000	...	2,26,89,237
Bombay, Baroda and Central India Railway .	...	...	...	75,00,000	75,00,000
Great Indian Peninsula Railway . . .	...	...	...	1,50,00,000	1,50,00,000
TOTAL .	14,07,63,646	...	2,84,38,000	5,85,00,000	22,77,01,646

†	*Rs.*
East Indian Railway	18,05,98,229
Eastern Bengal Railway	3,19,54,458
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,36,74,320
South Indian Railway	7,03,88,355
Great Indian Peninsula Railway	8,88,35,250
Bombay, Baroda and Central India Railway	18,72,06,696
TOTAL .	78,67,98,043
Madras Railway	3,21,72,000
	81,89,70,043

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1906-1907, and estimated expenditure on such works in 1907-1908 and 1908-1909, and to the end of 1908-1909.

IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Actual outlay to end of 1905-1906.	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.	Total actual and estimated outlay to end of 1908-1909.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Burma.							
Mandalay Canal	50,42,867	—30,179	16,000	32,000	50,60,688	...	...
Shwebo Canal	41,94,441	3,25,943	2,84,000	3,33,000	51,37,384	46,28,060	...
Mon Canals	8,20,609	8,41,773	8,00,000	6,61,000	31,23,382	42,63,836	11,40,454
Ye-u Canal	4,65,104	1,38,537	10,000	1,74,000	7,87,641	34,05,297	26,17,656
Bengal.							
Orissa Canals	2,60,18,065	18,824	54,000	73,000	2,61,63,889	...	...
Midnapur Canal	83,03,838	1,444	4,000	6,000	83,15,282	...	..
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,09,090	5,292	1,000	6,000	2,58,21,382	...	...
United Provinces.							
Ganges Canal	2,91,55,041	2,39,670	1,45,000	4,45,000	2,99,84,711	...	...
Lower Ganges Canal	3,44,02,271	2,47,101	2,74,000	2,39,000	3,51,62,372	...	...
Ditto, Fatehpur Branch	32,74,463	44,294	57,000	52,000	34,27,757	...	...
Agra Canal	98,19,862	4,44,285	3,65,000	3,29,000	1,09,58,147	...	...
Eastern Jumna Canal	45,50,312	45,287	49,000	85,000	47,29,599	...	...
Punjab.							
Western Jumna Canal	1,64,96,117	38,774	23,000	30,000	1,65,87,891	...	...
Upper Bari Doab Canal	1,92,68,674	80,881	5,35,000	1,50,000	2,00,34,555	...	...
Sirhind Canal (State outlay)	2,36,49,378	72,165	62,000	56,000	2,38,39,543	...	...
Lower Chenab Canal	2,75,20,128	14,747	31,000	4,00,000	2,79,65,875	...	...
Lower Jhelum Canal	1,46,12,631	4,93,018	4,60,000	3,00,000	1,58,65,649	1,83,95,782	25,30,133
Indus Inundation Canals	17,72,984	2,27,068	2,91,000	2,00,000	25,91,052	...	...
Upper Jhelum Canal	13,72,928	26,15,620	26,00,000	30,00,000	95,88,548	2,90,70,397	1,94,81,849
Upper Chenab Canal	20,60,493	36,31,300	39,88,000	40,00,000	1,36,79,793	2,89,29,792	1,52,49,899
Lower Bari Doab Canal	...	1,03,653	6,03,000	17,50,000	24,56,653	1,78,11,841	1,53,55,188
North-West Frontier Province.							
Paharpur Inundation Canal	2,21,523	2,87,221	1,00,000	2,50,000	8,58,744	7,07,703	...
Upper Swat River Canal	...	58,345	6,00,000	10,00,000	16,58,345	1,77,64,752	1,61,06,407
Lower Ditto *	40,31,953	58,213	68,000	1,50,000	43,08,166	...	...
Madras.							
Godavari Delta System	1,19,67,628	1,60,309	39,000	39,000	1,22,05,937	...	...
Kistna Delta System	1,44,06,821	37,543	35,000	35,000	1,45,14,364	...	...
Pennér River Canals System	54,97,828	9,425	...	...	55,07,253	...	...
Periyar Project	91,62,231	4,68,107	65,000	65,000	97,60,338	...	...
Cauvery Delta system	32,85,061	1,15,702	76,000	76,000	35,52,763	...	...
Nagavalli River Project	1,87,835	2,96,147	4,00,000	3,00,000	11,83,982	10,26,606	...
Divi Island Project	3,69,525	7,71,955	4,00,000	3,00,000	18,41,480	18,06,000	...
Bombay.							
Desert Canal	26,04,994	16,914	...	25,000	26,46,908	...	...
Begari Canal	16,57,544	67,677	2,10,000	1,88,000	21,23,221	...	...
Eastern Nara Works	64,16,533	26,988	31,000	27,000	65,01,521	...	...
Jamrao Canal	79,43,239	—41,203	8,000	27,000	79,37,036	...	...
Mutha Canals	69,30,757	...	15,000	2,54,000	71,99,757	...	...
Other projects	3,69,43,269	2,44,901	4,34,000	3,31,000	3,78,53,170	...	...
	37,41,77,316	1,21,77,741	1,31,33,000	1,53,88,000	41,48,76,057	...	...
Deduct—Outlay incurred from Ordinary Revenues	5,86,73,053	2,13,335	1,33,000	3,88,000	5,94,07,388	...	...
Carried over	† 31,55,04,263	1,19,64,406	1,30,00,000	1,50,00,000	35,54,68,669	...	

* Transferred to "49" from 1st April 1906.

† Inclusive of Rs. 8,964 on account of the Lower Swat River Canal.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1906-1907, and estimated expenditure on such works in 1907-1908 and 1908-1909, and to the end of 1908-1909.

	Actual outlay to end of 1905-1906.	Accounts, 1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.	Total actual and estimated outlay to end of 1908-1909.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Brought forward	31,55,04,263	1,19,64,406	1,30,00,000	1,50,00,000	35,54,68,669	...	...
PROTECTIVE IRRIGATION WORKS.							
Central Provinces.							
Tank Projects	16,88,556	6,97,953	10,24,000	11,73,000	45,83,509	...	...
Bengal.							
Tribeni Canal	16,41,758	5,92,287	9,01,000	6,05,000	37,40,045	50,20,251	12,80,206
United Provinces.							
Betwa Canal (including Dukwa weir)	51,36,428	6,84,498	8,09,000	7,03,000	73,32,926	...	...
Ken Canal	20,01,115	11,05,583	5,50,000	2,54,000	39,10,698	36,74,729	...
Dassan Canal	1,60,242	6,96,351	9,19,000	9,72,000	27,47,593	38,79,619	11,32,026
Madras.							
Rushikulya Project	46,32,509	15,952	25,000	21,000	46,94,461	...	...
Mopad Project	2,33,499	2,78,697	...	...	5,12,196	11,36,000	6,23,804
Bombay.							
Godaveri Canal	...	68,091	7,69,000	10,95,000	19,32,091	87,73,347	68,41,256
Chankapur Tank	6,04,796	2,51,823	3,38,000	1,62,000	13,56,619	13,11,518	...
Nira Canal	53,79,875	2,125	6,000	6,000	53,94,000	...	...
Budhihal Tank	4,62,543	26,140	...	...	4,88,683	13,98,529	9,09,846
Other projects	33,17,687	28,259	1,53,000	3,71,000	38,69,946	...	...
	2,52,59,085*	44,47,759	54,94,000	53,62,000	4,05,62,844	...	...
Deduct—Outlay incurred from Ordinary Revenues	30,81,744	...	...	...	30,81,744	...	...
TOTAL	2,21,77,341	44,47,759	54,94,000	53,62,000	3,74,81,100	..	...
GRAND TOTAL	33,76,81,604	1,64,12,165	1,84,94,000	2,03,62,000	39,29,49,769	...	...

* Exclusive of Rs. 8,964 on account of the Lower Swat River Canal, transferred to "49" from 1st April 1906.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1906-1907, with Revised Estimates for 1907-1908 and Budget Estimates for 1908-1909.

(Omitting ooo. except in accounts.)

	Accounts.					Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	1,334	1,349	1,408	1,408	904	905	...
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Madras	1,20,68,312	1,27,77,060	1,34,30,576	1,39,56,526	1,46,73,214	1,12,70	...
Ditto Extensions . .	1,86,889	3,17,370	3,75,918	3,62,742	3,22,004	2,60	...
Bombay, Baroda and Central India	1,60,11,316	1,68,06,857	1,85,06,650	1,38,17,913	2,08,216	9	...
TOTAL .	2,82,66,517	2,99,01,287	3,23,13,144	2,81,37,181	1,52,03,434	1,15,39	...
Working Expenses.							
Madras	61,69,379	69,95,955	76,05,016	77,38,956	90,22,859	79,80	...
Ditto Extensions .	79,538	1,48,793	2,02,666	1,96,999	1,97,465	1,80	...
Bombay, Baroda and Central India	78,24,865	86,34,593	83,83,254	63,71,595	1,093	...	...
TOTAL .	1,40,73,782	1,57,79,341	1,61,90,936	1,43,07,550	92,21,417	81,60	...
Net Traffic Receipts.							
Madras	58,98,933	57,81,105	58,25,560	62,17,570	56,50,355	32,90	...
Ditto Extensions . .	1,07,351	1,68,577	1,73,252	1,65,743	1,24,539	80	...
Bombay, Baroda and Central India	81,86,451	81,72,264	1,01,23,396	74,46,318	2,07,123	9	...
TOTAL .	1,41,92,735	1,41,21,946	1,61,22,208	1,38,29,631	59,82,017	33,79	...

APPENDIX IV—*continued.*

	Accounts.					Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907.		
STATE RAILWAYS. (*a*)	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at beginning of year	19,380	20,119	20,744	20,330	21,544	22,065	23,594
Gross Traffic Receipts.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
East Indian { India	6,74,11,071	7,08,45,143	7,61,21,110	7,71,30,817	7,98,54,849	8,25,00	8,50,00
Rajputana-Malwa System	2,49,93,926	2,19,35,587	2,54,29,995	2,81,13,465	2,78,60,181	2,75,00	2,95,00
Bhopal	3,46,103	3,77,177	3,95,734	3,25,637	3,60,294	4,80	4,80
Palanpur-Deesa	31,756	28,155	31,619	37,498	38,817	43	45
Warora Colliery	6,74,934	5,52,948	5,51,760	5,67,646	—6,888	...	...
Bengal-Nagpur	1,45,37,860	1,65,95,948	1,98,35,177	2,54,70,343	2,73,88,250	2,80,00	3,10,00
Burma Railways	1,26,67,364	1,41,06,869	1,51,48,710	1,58,36,907	1,58,71,602	1,73,00	1,75,00
Burma Railway Extensions	...	...	...	...	...	4,00	6,50
Assam-Bengal	21,10,110	25,87,822	29,88,285	35,20,101	45,73,987	47,00	50,00
Jorhat	88,476	89,205	75,720	85,825	86,196	92	92
Eastern Bengal	1,75,21,934	1,87,14,401	1,92,64,510	2,14,98,671	2,53,83,103	2,65,00	2,80,00
Bengal and North-Western, and Tirhoot	1,02,19,920	1,21,67,584	1,28,88,240	62,01,343	67,51,698	75,00	75,00
Bengal Central	13,24,944	15,05,612	15,68,378	3,54,039	...	...	...
Brahmaputra-Sultanpur Branch	2,40,827	2,69,758	1,721	...	...	...	...
Oudh and Rohilkhand	1,35,27,277	1,40,12,128	1,54,69,228	1,61,80,743	1,64,55,956	1,80,00	1,80,00
Indian Midland	90,10,835	77,85,868	83,35,493	83,78,109	1,07,13,307	1,07,50	1,08,00
Lucknow-Bareilly	14,53,542	14,29,244	14,93,378	16,10,514	16,18,784	17,00	17,00
Hardwar-Dehra	2,53,685	2,65,261	2,69,354	3,19,239	3,45,574	3,90	3,50
North-Western	4,18,16,329	5,20,87,345	6,33,47,929	5,73,11,526	6,36,09,390	7,10,00	7,10,00
South Indian	1,09,05,420	1,21,89,359	1,27,61,620	1,29,85,262	1,34,00,303	1,54,84	2,05,82
Mysore	16,42,156	15,66,130	15,82,491	18,61,906	18,57,765	22,50	22,50
Nilgiri	...	2,74,905	2,90,129	3,15,491	3,20,242	3,40	...
Agra Delhi Chord	...	...	18,070	8,04,655	16,46,320	16,20	16,20
Bezwáda Extension	3,02,442	3,07,113	3,20,656	3,47,490	3,49,206	3,15	3,50
North East Line, Madras Railway (East Coast, Southern Section)	44,53,516	46,03,446	55,91,475	65,44,160	59,67,405	43,50	...
Guntakal-Mysore Frontier	4,72,119	5,17,267	8,18,265	8,12,109	9,02,442	7,50	7,50
Tinnevelly-Quilon	69,746	2,03,472	3,59,584	4,92,058	4,98,585	6,20	6,50
Mayavaram-Mutupet	3,31,866	4,10,936	5,47,235	5,99,483	6,03,305	6,40	...
Southern Mahratta	65,62,022	67,81,358	74,09,721	80,28,947	81,10,661	94,22	1,01,26
Jodhpur-Hyderabad (British Section)	5,05,058	5,83,491	5,90,818	8,35,698	9,41,261	8,70	8,50
Great Indian Peninsula	4,35,86,154	4,58,51,887	4,99,95,200	5,29,22,539	5,07,52,595	5,23,00	5,30,00
Bombay, Baroda and Central India	...	...	...	47,31,394	2,00,76,882	2,10,00	2,20,00
Hospet Kottur	...	...	...	43,427	47,628	50	50
Bezwada Masulipatam	...	...	...	...	...	28	...
Bellary Rayadrug	...	...	...	24,009	39,647	45	45
Tirruppattur-Krishnagiri	...	...	...	22,950	48,113	43	..
Morappur-Dharmapuri	...	...	...	5,767	34,404	31	...
Kalka-Simla	...	...	...	1,20,649	7,57,785	9,50	...
Azikhal-Mangalore	...	...	...	...	56,378	1,45	...
Nagda-Muttra	...	...	...	...	...	1,20	4,00
Madras Section (Madras and Southern Mahratta Railway)	...	...	...	...	...	38,50	1,68,00
In England	3,450	3,450	3,450	3,450	3,450	3	3
„ India	28,70,61,392	30,86,45,419	34,35,81,605	35,44,39,717	38,73,16,027	41,20,78	43,60,90
TOTAL	28,70,64,842	30,86,48,869	34,35,05,055	35,44,43,167	38,73,19,477	41,20,81	43,60,93

(*a*) Includes the length of the Bengal and North-Western Railway prior to the year 1905-1906.

APPENDIX IV—*continued.*

	Accounts.					Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907.		
Working Expenses.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	2,61,45,029	2,62,26,989	2,81,18,126	2,70,22,684	3,13,27,086	3,27,50	3,40,00
Rajputana-Malwa System	1,18,36,743	1,11,21,644	1,16,67,461	1,24,80,664	1,33,31,287	1,44,00	1,47,00
Bhopal	1,74,867	1,85,736	1,97,668	1,58,332	1,81,533	2,58	2,45
Palanpur-Deesa	25,375	21,987	19,662	14,052	20,325	20	20
Warora Colliery	4,44,571	3,82,076	3,75,159	3,57,688	57,231	...	...
Bengal-Nagpur	74,31,631	86,21,206	97,10,297	1,14,17,032	1,29,89,459	1,44,00	1,55,00
Burma Railway	77,32,319	89,17,418	93,93,401	96,68,947	1,00,28,892	1,07,00	1,07,00
Burma Railway Extensions	...	...	...	...	...	2,00	4,00
Assam-Bengal	18,61,892	20,81,249	30,46,275	32,73,619	39,82,185	43,00	45,00
Jorhat	83,046	80,280	81,672	73,246	89,102	89	80
Eastern Bengal	88,83,728	99,98,494	99,05,097	1,19,53,967	1,43,98,746	1,65,00	1,57,00
Bengal and North-Western, and Tirhoot	80,26,894	87,88,628	1,01,27,727	25,79,047	27,35,890	29,00	29,00
Bengal Central	9,13,996	11,25,074	10,75,964	3,46,036	...	...	...
Brahmaputra-Sultanpur Branch	1,31,113	1,47,254	8,510	...	...	...	...
Oudh and Rohilkhand	65,35,525	70,31,234	81,74,262	90,12,591	95,62,330	1,18,00	1,11,00
Indian Midland	46,23,692	39,04,440	41,09,663	40,72,743	51,97,946	60,00	57,00
Lucknow-Bareilly	7,50,202	7,24,648	8,32,539	6,85,474	7,89,911	7,50	7,50
Hardwar-Dehra	1,47,440	1,55,680	1,57,191	1,59,619	1,72,787	1,95	1,75
North Western	2,42,93,882	2,64,98,970	2,91,09,608	3,04,35,792	3,34,90,646	3,80,00	3,70,00
South Indian	51,28,993	60,53,945	66,99,779	65,44,483	69,14,141	75,44	1,19,06
Mysore	11,88,564	11,03,305	11,57,652	11,17,411	11,19,760	14,25	14,00
Nilgiri	...	2,00,918	2,23,967	2,66,520	2,84,137	3,00	...
Agra Delhi Chord	...	...	8,079	3,85,030	8,30,957	8,70	8,45
Bezwáda Extension	1,49,334	1,52,891	1,41,701	1,43,251	1,57,468	1,30	1,70
North East Line, Madras Railway (East Coast, Southern Section)	30,07,291	29,71,686	38,03,792	38,46,491	37,45,786	32,10	...
Guntakal-Mysore Frontier	2,92,918	3,05,337	5,12,162	4,73,857	5,25,198	4,50	4,50
Tinnevelly Quilon	29,574	89,900	1,96,312	2,45,343	2,55,736	3,10	3,80
Mayavaram-Mutupet	1,61,797	2,05,581	2,91,361	3,37,457	3,42,249	3,55	...
Southern Mahratta	46,99,571	48,09,622	52,29,796	49,26,716	47,13,799	58,37	62,49
Jodhpur-Hyderabad (British Section)	2,91,566	3,21,112	2,95,152	3,81,481	4,41,882	5,40	5,00
Great Indian Peninsula	2,24,16,610	2,34,45,061	2,47,61,525	2,50,58,635	2,53,05,913	2,88,60	2,80,00
Bombay, Baroda and Central India	...	...	...	19,20,153	95,24,142	96,00	96,00
Hospet-Kottur	...	...	...	46,144	47,994	50	50
Bezwada-Masulipatam	...	...	...	...	...	12	...
Bellary-Rayadrug	...	...	...	27,133	34,016	35	35
Tirruppatur-Krishnagiri	...	...	...	25,329	48,101	37	...
Morappur-Dharmapuri	...	...	...	6,619	34,851	27	...
Kalka-Simla	...	...	...	52,877	4,74,351	5,50	...
Azikhal-Mangalore	...	...	...	...	25,578	85	...
Nagda-Muttra	...	...	...	...	...	1,10	2,40
Madras Section (Madras and Southern Mahratta Railway)	...	...	...	...	...	21,30	1,11,00
TOTAL	14,74,08,163	15,56,72,365	16,94,31,560	16,95,16,463	19,31,81,415	21,57,29	22,43,95

APPENDIX IV—*continued.*

Net Traffic Receipts.	Accounts. 1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907.	Revised Estimate, 1907-1908.	Budget Estimate, 1908-1909.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
East Indian	4,12,69,492	4,46,21,604	4,80,06,434	5,01,10,883	4,85,31,213	4,97,53	5,10,03
Rajputana-Malwa System	1,31,57,183	1,08,13,943	1,37,62,534	1,56,32,801	1,45,28,894	1,31,00	1,48,00
Bhopal	1,71,236	1,91,441	1,98,066	1,67,305	1,78,761	2,22	2,35
Palanpur-Deesa	6,381	6,168	11,957	23,446	18,492	23	25
Warora Colliery	2,30,363	1,70,872	1,76,601	2,09,958	—64,119	...	...
Bengal-Nagpur	71,06,229	79,74,742	1,01,24,880	1,40,53,311	1,43,98,791	1,36,00	1,55,00
Burma Railways	49,35,045	51,89,451	57,55,309	61,67,960	58,42,710	66,00	68,00
Burma Railway Extensions	...	...	...	...	...	2,00	2,50
Assam-Bengal	2,48,218	5,06,573	—57,990	2,46,482	5,91,802	4,00	5,00
Jorhat	5,430	8,925	—5,952	12,579	—2,906	3	12
Eastern Bengal	86,38,206	87,15,907	93,59,413	95,44,704	1,09,84,357	1,00,00	1,23,00
Bengal and North-Western, and Tirhoot	21,93,026	33,78,956	27,60,513	36,22,296	40,15,808	1,00,00	46,00
Bengal Central	4,10,948	3,80,538	4,92,414	8,003	...	...	...
Brahmaputra-Sultanpur Branch	1,09,714	1,22,504	—6,789	...	...	...	...
Oudh and Rohilkhand	69,91,752	69,80,894	72,94,966	71,68,152	68,93,626	62,00	69,00
Indian Midland	43,87,143	38,81,428	42,25,830	43,05,366	55,15,361	47,50	51,00
Lucknow-Bareilly	7,03,340	7,04,596	6,60,839	9,25,040	8,28,873	9,50	9,50
Hardwar-Dehra	1,06,245	1,09,581	1,12,163	1,59,620	1,72,787	1,95	1,75
North Western	1,75,22,447	2,55,88,375	3,42,38,321	2,68,75,734	3,01,18,744	3,30,00	3,40,00
South Indian	57,76,427	61,35,414	60,61,841	64,40,779	64,86,162	79,40	86,76
Mysore	4,53,592	4,62,825	4,24,839	7,44,495	7,38,005	8,25	8,50
Nilgiri	...	73,987	66,162	48,971	36,105	40	...
Agra Delhi Chord	...	...	9,991	4,19,625	8,15,363	7,50	7,75
Bezwáda Extension	1,53,108	1,54,222	1,78,955	2,04,239	1,91,738	1,85	1,80
North East line, Madras Railway (East Coast, Southern Section)	14,46,225	16,31,760	17,87,683	26,97,669	22,21,619	11,40	...
Guntakal-Mysore Frontier	1,79,201	2,11,930	3,06,103	3,38,252	3,77,244	3,00	3,00
Tinnevelly-Quilon	40,172	1,13,572	1,63,272	2,46,715	2,42,849	3,10	2,70
Mayavaram-Mutupet	1,70,069	2,05,355	2,55,874	2,62,026	2,61,056	2,85	...
Southern Mahratta	18,62,451	19,71,736	21,79,925	31,02,231	33,96,862	35,85	38,77
Jodhpur-Hyderabad (British Section)	2,13,492	2,62,379	2,95,666	4,54,217	4,99,379	3,30	3,50
Great Indian Peninsula	2,11,69,544	2,24,06,826	2,52,33,675	2,78,63,904	2,54,46,682	2,34,40	2,50,00
Bombay, Baroda and Central India	...	...	...	28,11,241	1,05,52,740	1,14,00	1,24,00
Hospet-Kottur	...	...	...	—2,717	—366	...	...
Bezwadā Maulipatam	...	...	...	...	...	16	...
Bellary-Rayadrug	...	...	...	—3,124	5,631	10	10
Tirrupattur-Krishnagiri	...	...	...	—2,379	12	6	...
Morappur-Dharmapuri	...	...	...	—852	—447	4	...
Kalka-Simla	...	...	...	67,772	2,83,434	4,00	...
Azikhal-Mangalore	...	...	...	...	30,800	60	...
Nagda-Muttra	...	...	...	...	...	10	1,60
Madras Section (Madras and Southern Mahratta Railway)	...	...	...	...	...	17,20	57,00
TOTAL	13,96,56,679	15,29,76,504	17,40,73,495	18,49,26,704	19,41,38,062	19,63,52	21,16,98

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1906-07, with Revised Estimates for 1907-08, and Budget Estimates for 1908-09.

	Actuals.					Revised Estimate, 1907-08.	Budget Estimate, 1908-09.
	1902-03.	1903-04.	1904-05.	1905-06.	1906-07.		
DIRECT RECEIPTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Mandalay canal	17,803	79,048	70,695	2,03,313	2,59,342	2,61,000	2,75,000
Shwebo canal	...	...	...	...	99,464	2,70,000	3,50,000
Orissa canals	4,05,592	4,29,897	3,88,900	4,61,355	5,01,729	5,03,000	5,10,000
Midnapur canal	2,24,150	2,20,343	2,06,215	2,10,623	1,56,521	1,68,000	1,68,000
Hijili Tidal canal	41,050	42,334	45,242	70,448	71,515	69,000	66,000
Sone canals	14,50,516	13,28,315	14,05,810	13,96,628	15,64,819	15,94,000	16,63,000
Ganges canal	35,23,554	32,95,743	34,46,755	30,14,166	45,41,080	40,44,000	43,23,000
Lower Ganges canal	22,82,197	23,40,320	24,98,352	21,49,299	28,92,380	26,46,000	27,12,000
Ditto, Fatehpur Branch	1,35,186	2,46,399	2,82,584	1,62,015	2,68,441	3,18,000	3,25,000
Agra canal	8,80,933	8,37,371	8,91,284	5,20,088	11,19,818	7,92,000	9,46,000
Eastern Jumna canal	13,53,857	11,92,809	13,02,309	10,69,416	16,15,213	15,56,000	13,10,000
Betwa canal	1,06,859	1,42,688	1,72,992	1,94,969	2,63,612	2,10,000	1,55,000
Western Jumna canal	23,61,573	24,09,698	27,34,556	27,58,415	31,38,384	21,20,000	20,00,000
Lower Chenab canal	62,03,439	72,17,299	73,38,371	65,97,316	76,84,112	57,29,000	71,00,000
Upper Bari Doab canal	32,97,204	33,03,413	33,35,459	31,84,267	35,69,867	32,83,000	33,50,000
Sirhind canal	27,82,581	27,41,580	26,85,001	27,06,842	32,20,358	30,71,000	32,00,000
Lower Jhelum canal	24,104	2,83,611	4,73,231	7,78,837	13,56,667	12,89,000	19,50,000
Indus Inundation canals	...	1,36,764	1,07,344	1,62,950	1,62,445	1,40,000	1,20,000
Lower Swat River canal	4,82,394	5,10,505	4,82,779	4,39,630	5,12,330	5,00,000	5,00,000
Godavari Delta System	1,04,532	1,07,943	1,11,389	1,12,357	1,08,822	1,13,000	1,13,000
Kistna „ „	78,578	86,005	70,184	70,866	83,765	71,000	71,000
Pennér River canals „	1,938	1,602	1,890	2,586	2,525	3,000	3,000
Periyar Project	2,168	3,017	2,547	3,926	2,179	3,000	3,000
Cauvery Delta System	3,315	3,148	1,432	1,325	1,995	2,000	2,000
Rushikulya Project	2,811	1,958	751	785	1,036	1,000	1,000
Desert canal	53,023	49,591	1,52,059	1,07,205	1,11,170	1,22,000	1,20,000
Begari „	44,956	18,496	67,498	42,861	40,217	42,000	24,000
Eastern Nara Works	26,578	26,025	36,094	45,229	37,473	58,000	65,000
Mutha canals	2,98,645	3,27,935	2,70,328	3,70,380	3,28,532	3,50,000	4,00,000
Nira canal	2,31,616	2,54,754	1,23,191	1,66,203	2,27,150	2,95,000	3,10,000
Jamrao canal	43,686	1,70,160	1,46,572	1,25,359	16,940	14,000	15,000
Other projects	7,79,181	9,91,678	10,63,157	9,07,673	11,73,575	14,99,000	14,47,000
TOTAL	2,72,44,019	2,88,00,449	2,99,14,971	2,80,37,332	3,51,33,476	*3,12,36,000	*3,36,15,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal	4,619	13,748	19,216	16,944	30,596	23,000	25,000
Shwebo canal	...	...	...	...	14,595	30,000	33,000
Ganges canal	8,72,442	8,93,659	9,05,865	9,10,288	9,19,139	9,19,000	9,19,000
Lower Ganges canal	2,09,586	2,65,747	3,04,245	3,73,152	3,88,669	3,89,000	3,89,000
Eastern Jumna „	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
Lower Chenab canal	10,56,041	11,38,808	13,63,773	11,28,751	10,95,882	8,03,000	11,50,000
Upper Bari Doab canal	2,38,756	2,49,263	2,61,668	2,99,249	3,00,639	2,50,000	2,50,000
Lower Jhelum „	13,706	—60,465	12,724	81,613	2,69,721	2,32,000	4,00,000
Indus Inundation canals	...	2,69,918	2,71,538	2,73,536	2,74,872	2,67,000	2,70,000
Lower Swat River canal	47,284	55,240	51,248	48,672	50,420	50,000	50,000
Godavari Delta System	29,68,262	29,15,810	32,74,398	34,27,101	33,02,168	34,10,000	34,10,000
Kistna „ „	27,25,450	25,13,947	29,23,231	29,64,950	30,24,604	29,95,000	29,95,000
Pennér River canals „	3,70,918	3,77,049	85,518	4,24,710	5,06,271	4,25,000	4,25,000
Periyar Project	4,56,571	4,51,757	4,73,813	4,85,029	4,93,493	5,05,000	5,05,000
Cauvery Delta System	9,21,373	9,14,310	9,20,194	9,29,106	9,15,939	9,35,000	9,35,000
Rushikulya Project	94,832	90,318	97,589	1,05,745	1,04,874	1,08,000	1,08,000
Desert canal	1,41,889	1,59,159	1,64,772	2,67,663	2,56,319	2,52,000	2,52,000
Begari „	3,14,732	3,72,424	3,15,487	4,41,417	4,69,903	4,72,000	4,59,000
Eastern Nara Works	4,93,647	5,00,159	5,08,482	6,31,933	6,82,701	6,32,000	7,15,000
Mutha canals	—8,063	—10,113	—6,459	—11,391	—7,562	...	...
Nira canal	—11,465	—12,615	—6,036	—8,104	—11,148	...	...
Jamrao canal	4,97,692	4,79,936	5,08,190	7,80,961	6,52,546	8,67,000	8,75,000
Other projects	5,53,665	7,25,079	6,95,335	7,06,410	11,16,097	15,59,000	16,80,000
TOTAL	1,22,15,889	1,25,57,000	1,33,98,743	1,45,31,687	1,51,04,710	1,54,77,000	1,60,99,000

* Excluding Civil officers' figures as under :—

	Revised, Rs.	Budget, Rs.
United Provinces	2,00,000	2,00,000
Punjab	12,84,000	15,45,000
Total	14,84,000	17,45,000

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1906-07, with Revised Estimates for 1907-08, and Budget Estimates for 1908-09—*continued.*

	Actuals.					Revised Estimate, 1907-08.	Budget Estimate 1908-1909.
	1902-03.	1903-04.	1904-1905.	1905-06.	1906-07.		
TOTAL REVENUE—	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Mandalay canal	22,422	92,796	89,91(	2,20,257	2,89,938	2,84,000	3,00,000
Shwebo canal	...	...	...	...	1,14,059	3,00,000	3,83,000
Orissa canals	4,05,592	4,29,897	3,88,900	4,61,355	5,01,729	5,03,000	5,10,000
Midnapur canal	2,24,150	2,20,343	2,06,215	2,10,623	1,56,521	1,68,000	1,68,000
Hijili Tidal canal	41,050	42,334	45,242	70,448	71,515	69,000	66,000
Sone canals	14,50,516	13,28,315	14,05,810	13,96,628	15,64,819	15,94,000	16,63,000
Ganges canal	43,95,996	41,89,402	43,52,620	39,24,454	54,60,219	49,63,000	52,42,000
Lower Ganges canal	24,91,783	26,06,067	28,02,597	25,22,451	32,81,049	30,35,000	31,01,000
Ditto Fatehpur Branch	1,35,186	2,46,399	2,82,584	1,62,015	2,68,829	3,18,000	3,25,000
Agra canal	8,80,933	8,37,371	8,91,284	5,20,088	11,19,818	7,92,000	9,46,000
Eastern Jumna canal	16,07,809	14,46,761	15,56,261	13,23,368	18,69,165	18,10,000	15,64,000
Betwa canal	1,06,859	1,42,688	1,72,992	1,94,969	2,63,612	2,10,000	1,55,000
Western Jumna canal	23,61,573	24,09,698	27,34,556	27,58,415	31,38,384	21,20,000	20,00,000
Lower Chenab canal	72,59,480	83,56,107	87,02,144	77,26,067	87,79,994	65,32,000	82,50,000
Upper Bari Doab canal	35,35,960	35,52,676	35,97,127	34,83,516	38,70,506	35,33,000	36,00,000
Sirhind canal	27,82,581	27,41,580	26,85,001	27,06,842	32,20,358	30,71,000	32,00,000
Lower Jhelum canal	37,810	2,23,146	4,85,955	8,60,450	16,26,388	15,21,000	23,50,000
Indus Inundation canals	...	4,06,682	3,78,882	4,36,486	4,37,317	4,07,000	3,90,000
Lower Swat River canal	5,29,678	5,65,745	5,34,027	4,88,302	5,62,750	5,50,000	5,50,000
Godavari Delta System	30,72,794	30,23,753	33,85,787	35,39,458	34,10,990	35,23,000	35,23,000
Kistna „ „	28,04,028	25,99,952	29,93,415	30,35,816	31,08,369	30,66,000	30,66,000
Pennér River canals „	3,72,856	3,78,651	87,408	4,27,296	5,08,790	4,28,000	4,28,000
Periyar Project	4,58,739	4,54,774	4,76,360	4,88,955	4,95,672	5,08,000	5,08,000
Cauvery Delta System	9,24,688	9,17,458	9,21,626	9,30,431	9,17,934	9,37,000	9,37,000
Rushikulya Project	97,643	92,276	98,340	1,06,530	1,05,910	1,09,000	1,09,000
Desert canal	1,94,912	2,08,750	3,16,831	3,74,868	3,67,489	3,74,000	3,72,000
Begari „	3,59,688	3,90,920	3,82,985	4,84,278	5,10,120	5,14,000	5,01,000
Eastern Nara Works	5,20,225	5,26,184	5,44,576	6,77,162	7,20,174	6,90,000	7,80,000
Mutha canals	2,90,582	3,17,822	2,63,869	3,58,989	3,20,970	3,50,000	4,00,000
Nira canal	2,20,151	2,42,139	1,17,155	1,58,099	2,16,002	2,95,000	3,10,000
Jamrao canal	5,41,378	6,50,096	6,54,762	9,06,320	6,69,486	8,81,000	8,90,000
Other projects	13,32,846	17,16,757	17,58,492	16,14,083	22,89,672	30,58,000	31,27,000
TOTAL	3,94,40,245	4,13,57,539	4,33,13,714	4,25,69,019	5,02,38,186	4,67,13,000	4,97,14,000
WORKING EXPENSES—							
Mandalay canal	30,312	92,027	75,301	99,165	85,898	68,000	84,000
Shwebo canal	...	...	...	...	47,241	1,22,000	95,000
Orissa canals	3,61,432	3,57,837	3,18,396	3,53,817	3,99,092	4,11,000	3,95,000
Midnapur canal	1,44,522	1,41,042	1,31,362	1,42,981	1,61,123	1,75,000	2,36,000
Hijili Tidal canal	34,685	23,805	47,652	45,518	51,493	44,000	48,000
Sone canals	5,27,716	4,94,357	4,90,595	4,75,823	5,73,895	6,48,000	5,86,000
Ganges canal	11,20,924	10,00,807	11,87,448	12,48,973	13,16,804	10,60,000	12,31,000
Lower Ganges canal	10,56,724	11,35,205	10,28,308	9,38,717	10,46,866	10,23,000	10,39,000
Ditto, Fatehpur Branch	1,21,579	1,33,566	1,27,412	1,28,022	1,22,204	1,31,000	1,23,000
Agra canal	2,52,836	2,60,904	2,77,508	2,88,274	3,32,366	3,31,000	3,09,000
Eastern Jumna canal	5,15,809	4,33,254	4,47,027	3,99,569	4,46,771	3,99,000	4,22,000
Betwa canal	1,22,892	1,08,458	1,24,821	1,33,784	1,08,053	1,07,000	1,22,000
Western Jumna canal	8,17,970	8,47,358	9,33,606	10,32,192	10,64,403	10,45,000	9,00,000
Lower Chenab canal	13,15,846	16,73,711	16,96,071	17,37,856	18,48,265	18,65,000	18,00,000
Upper Bari Doab canal	9,64,870	9,95,494	11,29,036	11,62,570	11,88,489	14,90,000	12,50,000
Sirhind canal	8,35,062	8,47,146	9,19,230	8,68,842	10,34,695	9,39,000	8,00,000
Lower Jhelum canal	1,42,414	2,78,982	4,74,667	6,61,147	7,45,058	7,14,000	7,00,000
Indus Inundation canals	...	2,93,174	2,22,829	3,21,049	3,18,987	4,10,000	3,25,000
Lower Swat River canal	80,111	97,710	1,17,878	83,924	1,13,839	1,09,000	1,09,000
Godavari Delta System	5,70,647	6,07,601	6,96,655	7,52,964	6,30,672	6,50,000	6,50,000
Kistna „ „	4,96,071	6,42,508	7,34,128	6,80,810	6,39,218	5,90,000	5,90,000
Pennér River canals „	55,091	74,963	76,498	87,180	79,445	76,000	76,000
Periyar Project	1,26,351	95,726	91,707	98,514	69,971	1,16,000	1,16,000
Cauvery Delta System	44,048	45,482	65,442	67,864	94,707	1,05,000	1,05,000
Rushikulya Project	66,003	55,532	59,376	47,713	73,554	67,000	67,000
Desert canal	99,246	1,19,526	1,22,881	1,38,793	1,39,328	1,27,000	1,06,000
Begari „	87,067	75,250	85,912	1,01,404	54,553	76,000	70,000
Eastern Nara Works	84,196	78,255	1,26,737	1,02,972	1,13,835	1,28,000	1,34,000
Mutha canals	1,22,653	85,913	95,461	89,636	93,618	99,000	81,000
Nira canal	43,591	47,868	66,394	65,782	70,419	77,000	54,000
Jamrao canal	2,18,286	2,09,931	3,15,472	2,95,237	2,67,529	2,78,000	2,89,000
Other projects	8,60,204	8,07,876	8,43,402	8,16,255	8,37,096	12,71,000	17,08,000
TOTAL	1,13,19,158	1,21,61,268	1,31,29,212	1,34,67,347	1,41,69,487	1,47,51,000*	1,46,20,000

* Excluding Civil officers' figures as under:—

	Revised. Rs.	Budget. Rs.
United Provinces	19,000	19,000
Punjab	4,000	7,000
TOTAL	23,000	26,000

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1906-07, with Revised Estimates for 1907-08, and Budget Estimates for 1908-09—*concluded.*

	Actuals.					Revised Estimate, 1907-08.	Budget Estimate, 1908-09.
	1902-03.	1903-04.	1904-1905.	1905-06.	1906-07.		
NET REVENUE—	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Mandalay canal	*—7,890*	769	14,610	1,21,092	2,04,040	2,16,000	2,16,000
Shwebo canal	...	...	...	...	66,818	1,78,000	2,88,000
Orissa canals	44,160	72,060	70,504	1,07,538	1,02,637	92,000	1,15,000
Midnapur canal	79,628	79,301	74,853	67,642	*—4,602*	*—7,000*	*—68,000*
Hijili Tidal canal	6,365	18,529	*—2,410*	24,930	20,022	25,000	18,000
Sone canals	9,22,800	8,33,958	9,15,215	9,20,805	9,90,924	9,46,000	10,77,000
Ganges canal	32,75,072	31,88,595	31,65,172	26,75,481	41,43,415	39,03,000	40,11,000
Lower Ganges canal	14,35,058	14,70,862	17,74,289	15,83,734	22,34,183	20,12,000	20,62,000
Ditto, Fatehpur Branch	13,607	1,12,833	1,55,172	33,993	1,46,625	1,87,000	2,02,000
Agra canal	6,28,097	5,76,467	6,13,776	2,31,814	7,87,452	4,61,000	6,37,000
Eastern Jumna canal	10,92,000	10,13,507	11,09,234	9,23,799	14,22,394	14,11,000	11,42,000
Betwa canal	*—16,033*	34,230	48,171	61,185	1,55,559	1,03,000	33,000
Western Jumna canal	15,43,603	15,62,340	18,00,950	17,26,223	20,73,981	10,75,000	11,00,000
Lower Chenab canal	59,43,634	66,82,396	70,06,073	59,88,211	69,31,729	46,67,000	64,50,000
Upper Bari Doab canal	25,71,090	25,57,182	24,68,091	23,20,946	26,82,017	20,43,000	23,50,000
Sirhind canal	19,47,519	18,94,434	17,65,771	18,38,000	21,85,663	21,32,000	24,00,000
Lower Jhelum canal	*—1,04,604*	*—55,836*	11,288	1,99,303	8,81,330	8,07,000	16,50,000
Indus Inundation canals	...	1,13,508	1,56,053	1,15,437	1,18,330	*—3,000*	65,000
Lower Swat River canal	4,49,567	4,68,035	4,16,149	4,04,378	4,48,911	4,41,000	4,41,000
Godavari Delta System	25,02,147	24,16,152	26,89,132	27,86,494	27,80,318	28,73,000	28,73,000
Kistna „ „	23,07,957	19,57,444	22,59,287	23,55,006	24,69,151	24,76,000	24,76,000
Pennér River canals „	3,17,765	3,03,688	10,910	3,40,116	4,29,351	3,52,000	3,82,000
Periyar Project	3,32,388	3,59,048	3,84,653	3,90,441	4,25,701	3,92,000	3,92,000
Cauvery Delta System	8,80,640	8,71,976	8,56,184	8,62,567	8,23,227	8,32,000	8,32,000
Rushikulya Project	31,640	36,744	38,964	58,817	32,356	42,000	42,000
Desert canal	95,666	89,224	1,93,950	2,36,075	2,28,161	2,48,000	2,66,000
Begari „	2,72,621	3,15,670	2,97,073	3,82,874	4,55,567	4,38,000	4,31,000
Eastern Nara Works	4,36,029	4,47,929	4,17,839	5,74,190	6,06,339	5,62,000	6,46,000
Mutha canals	1,67,929	2,31,909	1,68,408	2,69,353	2,27,352	2,51,000	3,19,000
Nira canal	1,76,560	1,94,271	50,761	92,317	1,45,583	2,18,000	2,56,000
Jamrao canal	3,23,092	4,40,165	3,39,290	6,11,083	4,01,957	6,03,000	6,01,000
Other projects	4,72,642	9,08,881	9,15,090	7,97,828	14,52,576	17,87,000	14,19,000
TOTAL	2,81,40,750	2,91,96,271	3,01,84,502	2,91,01,672	3,60,68,699	3,19,62,000	3,50,94,000

APPENDIX IV—*continued.*

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1906-1907.

RAILWAYS.	Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
	₹	£	₹	₹
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	66,92,217	613,453	92,01,799	—25,09,582
Bombay, Baroda and Central India	3,000	200	3,000	...
TOTAL	66,95,217	613,653	92,04,799	—25,09,582
ADVANCES.				
Madras	48,91,158	448,356	67,25,343	—18,34,185
Madras Extensions	—1,630	—109	—1,630	...
Bombay, Baroda and Central India	11,256	750	11,256	...
TOTAL	49,00,784	448,997	67,34,969	—18,34,185
NET RECEIPTS.				
Madras	18,01,059	165,097	24,76,456	—6,75,397
Madras Extensions	1,630	109	1,630	...
Bombay, Baroda and Central India	—8,256	—550	—8,256	...
TOTAL	17,94,433	164,656	24,69,830	—6,75,397
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India. — Amritsar-Patti	6,30,000	42,000	6,30,000	...
Ahmedabad-Dholka	54,000	3,600	54,000	...
Ahmedabad-Parantij	3,000	200	3,000	...
Hardwar-Dehra	6,000	400	6,000	...
Mymensingh-Jamalpur-Jagannathganj	43,000	2,867	43,000	...
Tapti Valley	—12,000	—800	—12,000	...
TOTAL RECEIPTS	7,24,000	48,267	7,24,000	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	—13,15,073	—87,671	—13,15,073	...
Bengal Central	...	...	...	...
Bengal-Nagpur	8,09,098	53,940	8,09,098	...
Ditto Extensions	74,31,632	495,442	74,31,632	...
Burma	21,72,902	144,860	21,72,902	...
Indian Midland	10,33,448	68,896	10,33,448	...
Ditto Saugor-Katni	57,899	3,860	57,899	...
Lucknow-Bareilly	42,242	2,816	42,242	...
Mysore	2,81,557	21,036	3,15,537	—33,98
Southern Mahratta	—11,38,713	—75,915	—11,38,713	...
	93,74,992	627,264	94,08,972	—33,98
Amritsar-Patti	5,30,811	35,387	5,30,811	...
Ahmedabad-Dholka	45,180	3,012	45,180	...
Ahmedabad-Parantij	4,925	328	4,925	...
Hardwar-Dehra	5,408	361	5,408	...
Mymensingh-Jamalpur-Jagannathganj	19,278	1,286	19,278	...
South Benar	—397	—26	—397	...
Tapti Valley	71	5	71	...
	6,05,276	40,353	6,05,276	...
TOTAL WITHDRAWALS	99,80,268	667,617	1,00,14 248	—33,98
Net Withdrawals	92,56,268	619,350	92,90,248	33,98
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	74,61,835	454,694	68,20,418	6,41,41

APPENDIX IV—*continued.*

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS —*continued.*

Revised Estimate, 1907-1908.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
	₹	£	₹	₹
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	59,30	543.6	81,54	—22,24
Overdrawn Capital	1,09,20	728,0	1,09,20	...
	1,68,50	1,271,6	2,90,74	—22,24
ADVANCES.				
Madras	51,70	473,9	71,09	—19,39
Madras Extensions	33	2,2	33	...
Balance of Capital	5,21	34,7	5,21	...
TOTAL	57,24	510,8	76,63	—19,39
NET RECEIPTS.				
Madras	1,16,80	797,7	1,19,65	—2,85
Madras Extensions	—5,54	—36,9	—5,54	...
TOTAL	1.11,26	760,8	1,14,11	—2,85
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Capital received in India. Ahmedabad-Dholka	11	7	11	...
Ahmedabad-Parantij	21	1,4	21	...
Amritsar-Patti	...	...	...	...
Hardwar-Dehra	5	3	5	...
Mymensingh-Jamalpur-Jagarnathganj	76	5,1	76	...
Tapti Valley	17	1,1	17	...
TOTAL RECEIPTS	1,30	8,6	1,30	...
WITHDRAWALS IN INDIA.				
Assam Bengal	14,02	93,4	14,02	...
Bengal-Nagpur	—16,02	—106,8	—16,02	...
Ditto Extensions	74,30	495,3	74,30	...
Burma	13,77	91,8	13,77	...
Indian Midland	11,21	74,8	11,21	...
Ditto Extensions	13	9	13	...
Lucknow-Bareilly	—73	—4,9	—73	...
Mysore	...	...	...	...
Southern Mahratta	—14,25	—95,0	—14,25	...
	82,43	549,5	82,43	...
Ahmedabad-Dholka	14	9	14	...
Ahmedabad-Parantij	20	1,3	20	...
Amritsar-Patti	1,17	7,8	1,17	...
Hardwar-Dehra	3	2	3	...
Mymensingh-Jamalpur-Jagannathganj	1,00	6,7	1,00	...
South Behar	...	...	...	...
Tapti Valley	10	7	10	...
	2,64	17,6	2,64	...
TOTAL WITHDRAWALS	85,07	567,1	85,07	...
Net Withdrawals	83,77	558,5	83,77	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	—27,49	—202,3	—30,34	2,85

* Includes ₹79,42 on account of overdrawn capital transferred to "48.—State Railways Construction."

APPENDIX IV—*concluded.*

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS —*concluded.*

Budget Estimate, 1908-1909.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
RECEIPTS.	₹	£	₹	£
Madras	...	...	...	...
ADVANCES.				
Madras	...	...	...	...
Madras Extensions	...	...	...	...
TOTAL	...	...	...	...
NET RECEIPTS.				
Madras	...	...	...	...
Madras Extensions	...	...	...	...
TOTAL	...	...	...	...
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	10	7	10	...
Ahmedabad-Parantij	56	3,7	56	...
Amritsar-Patti	6	4	6	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	50	3,3	50	...
Tapti Valley	57	3,8	57	...
TOTAL RECEIPTS	2,09	13,9	2,09	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	—18,52	—123,5	—18,52	...
Bengal Nagpur	—43,36	—289,0	—43,36	...
Ditto Extensions	38,20	254,7	38,20	...
Burma	13,80	92,0	13,80	...
Indian Midland	13,26	88,4	13,26	...
Ditto Extension	...	...	...	...
Lucknow-Bareilly	—40	—2,7	—40	...
Mysore	...	...	...	...
Southern Mahratta	—33,57	—223,8	—33,57	...
	—30,59	—203,9	—30,59	...
Ahmedabad-Dholka	0	7	10	...
Ahmedabad-Parantij	56	3,7	56	...
Amritsar-Patti	74	4,9	74	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	50	3,3	50	...
South Behar	...	...	...	...
Tapti Valley	64	4,3	64	...
	2,84	18,9	2,84	...
TOTAL WITHDRAWALS	—27,75	—185,0	27,75	...
Net Withdrawals	—29,84	—198,9	—29,84	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	—29,84	—198,9	—29,84	...

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 AND 1892 (24 & 25 VICT., C. 67, AND 55 & 56 VICT., C. 14).

The Council met at Government House, Calcutta, on Friday, the 27th March, 1908.

PRESENT:

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir Andrew Fraser, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., G.C.I.E., Commander-in-Chief in India.

The Hon'ble Mr. H. Erle Richards, K.C.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Major-General C. H. Scott, C.B., R.A.

The Hon'ble Sir Harvey Adamson, Kt., C.S.I.

The Hon'ble Mr. J. O. Miller, C.S.I.

The Hon'ble Mr. W. L. Harvey, C.I.E.

The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.

The Hon'ble Munshi Madho Lal.

The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.

The Hon'ble Mr. H. W. W. Reynolds.

The Hon'ble Mr. H. A. Sim, C.I.E.

The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.

The Hon'ble Dr. Rashbehary Ghose, C.I.E., D.L.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. A. A. Apcar, C.S.I.

The Hon'ble Mr. S. Ismay, C.S.I.

The Hon'ble Maung Bah Too, K.S.M.

The Hon'ble Mr. W. W. Drew.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Mr. W. R. H. Merk, C.S.I.

[*Nawab Saiyid Muhammad Saiyid Bahadur; Sir Harvey Adamson; Mr. Chitnavis; Mr Harvey; Mr Miller.*]

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR asked:—

"Is Government aware that as a consequence of the failure of Messrs. Arbuthnot & Co., in Madras, many Government servants, who could not invest money in lands, lost all their savings?

"In view of the suffering caused by the said failure, will the Government be pleased to amend the Rules for the conduct of Government servants by omitting the words 'or subordinate' in paragraph 3 of rule 9 and to cancel paragraph 4 of the said rule?"

The Hon'ble SIR HARVEY ADAMSON replied:—

"Government are aware that the failure of Messrs. Arbuthnot & Co. caused heavy losses to members of all classes of the community who had dealings with that firm.

"The question whether the rules should be revised is under consideration."

The Hon'ble MR. CHITNAVIS asked:—

"Is the Government aware that Japan supports its industries by a system of bounties, and that in consequence of such support, cotton goods, especially hosiery, made in Japan have an advantage over goods made in India in the market here? Is the Government further aware that the large hosiery department of the Bomanji Patel Mills of Bombay has had to be closed on account of Japan underselling her goods in India? Will Government be pleased to take such steps in the matter as will protect Indian industries from competition of this nature and equalise trade conditions?"

The Hon'ble MR. HARVEY replied:—

"Government have no definite information regarding the first and second parts of the question, but they will make enquiries and communicate such information as may be available. Until they know the facts of the case they are unable to say whether it will be possible to take any action."

The Hon'ble MR. CHITNAVIS asked:—

"Is the Government aware that prices of plough cattle have risen abnormally all over the country during the past few years? In view of the paramount importance of the sufficiency of cattle in an agricultural country like India, will Government be pleased to inquire into the causes of the rise, and to take adequate steps for the improvement of the stock, and thereby to remove the anxiety of the agricultural population in this respect?"

The Hon'ble MR. MILLER replied:—

"The latest statistics available do not show that the price of plough cattle has risen over the whole of India, but it has undoubtedly risen over a great part of the country and frequently to a very great extent. The Government of India fully recognise the paramount importance of cattle to the agriculture of the country and have on that account given much attention to the development of the Civil Veterinary Department, which has already been able to do much good work in the prevention of disease. They have also made special arrangements on the occasion of droughts to prevent mortality amongst cattle from failure of the fodder supply. In 1906 the Government of India placed before Local Governments a scheme for making a complete cattle survey of India with a view to the improvement of the stock, and the proposals have in most cases been accepted in principle though their prosecution is impeded by the want of a sufficiently strong and well trained staff. The Government of India must leave it to Local Governments to carry out this enquiry. They do not consider that any separate enquiry is necessary."

FINANCIAL STATEMENT FOR 1908-1909.

[*Nawab Saiyid Muhammad Sahib Bahadur.*]

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said:—"My Lord, the principal feature of the Financial Statement presented to this Council is an attempt to grapple with the famine which has unfortunately appeared in the country. The disaster is not so great as in 1896 and 1899, but still it is sufficiently serious and extensive to give rise to considerable anxiety and to necessitate large suspensions of revenue. The experience of previous famines has been utilised to adopt early and effective measures to afford relief and to help the agricultural classes to resist the terrible affliction that has befallen them. The tract most seriously affected is the United Provinces, and the Government of Sir John Hewett is to be warmly congratulated on the prompt and energetic measures taken to prevent suffering and distress, and the takavi advances have been more liberal than in the previous two famines. I am glad that the Hon'ble the Finance Minister recognises the energy and determination with which the people have themselves faced the calamity. Not only so, but the patience and resignation with which they submit to suffering and distress are worthy of all admiration. Taking the most hopeful view of the situation and noting the fact that the more painful conditions associated with the prevalence of distress are absent, the position is still very grave, and it will be very creditable to the Administration if loss of life in areas where the distress is acute, is averted.

"I gratefully recognise the measures that have been taken to relieve suffering and to help the people to tide over the calamity, but I regret that the Statement makes no mention of what has been done to save agricultural cattle, which are so essential to cultivation. It may happen that the agriculturist who is helped or relieved by the State may lose his cattle and in the next sowing season may not have the wherewithal to buy fresh animals. One way of preserving cattle to a certain extent when fodder becomes scarce is to relax the rules that regulate grazing in the forest reserves as far as may be possible, consistently with silvicultural interests. I believe something in this direction has been done by the Local Governments concerned, but the departmental rules are far too rigid and enforced with little regard to agricultural interests. The Madras Government in reviewing the last report of the Forest Department deprecates the attempt to estimate the quality of the work in different districts by the percentage of convictions obtained. It is to be feared that this is the standard of efficiency everywhere. I would, therefore, suggest that just as revenue is suspended or remitted and takavi advances given to help the agricultural population, so should the forest-rules be suspended when fodder is scarce and the utmost latitude allowed for cattle-grazing.

"My Lord, these are but palliatives. The permanent causes of poverty and economic indigence of the people remain, and challenge scrutiny. If I may adopt one of Lord Curzon's phrases, it is a baffling, without being a hoary, enigma. But I cannot believe, my Lord, that the Government is unable to solve this problem of recurring famine and perpetual indigence. The position has become acuter of late years, in consequence of the depreciated purchasing power of the rupee. I do not know whether grain compensation allowance is destined to play as demoralising a part in Indian finance at the present day as falling exchange did in the nineties of the last century. However that may be, the fact remains that the Hon'ble the Finance Minister is faced with a situation that his predecessors in 1896 and 1899 had not to face, namely, the rise in prices, which indicates a position worse than that of periodical famine, in that it is normal and ever present, and which the Imperial and all Provincial Governments recognise, casts on them a new responsibility with respect to a numerous class of public servants. As against the perfection of the machinery which the Government is in a position to set working against purely famine conditions, we have this disturbing element of normal high prices. I trust that this aspect of the matter has not been lost sight of by the Hon'ble the Finance Minister.

[*Nawab Saiyid Muhammad Sahib Bahadur.*]

"It is a point worth considering in this connection whether the Government of India can afford to remain indifferent to schemes of permanent utility and promotion of material prosperity of the people. The Government of India has not yet formulated a scheme of technical education that would provide sufficient scope for the employment of the artisan classes. The great principle, my Lord, upon which I take leave to lay special emphasis is this, that simultaneously with the initiation of measures of agricultural education and experiment, Government (no matter whether through Imperial, Provincial or local agency) should undertake a no less intensive than extensive scheme of technical education. My Lord, the attempts made in this direction have been local in their origin, spasmodic in their working and inadequate in their results. I venture to think that the necessities of the situation call for an entire reversal of the policy which has hitherto found favour with the Government. Progress of a sort is being made in different provinces, but its superior financial position enables or ought to enable the Government of India not only to lead and direct local activities but also co-ordinate local efforts. While certain provinces have progressed more than others in the matter of preparation and preliminary work, others have lagged behind; so much so, my Lord, that provincial advance has run on somewhat indifferent lines. Even in the case of more advanced of the provinces in the matter of industrial education, it is open to question whether their individual progress is not retarded by the Imperial *vis inertia*. Therefore, my Lord, it seems to me highly important that a scheme should be matured, which, while stimulating provincial activities, would at the same time co-ordinate industrial effort so as to promote the best interests of industrial progress.

"In view of the present financial position, I am not disposed to dwell upon the absence of any provision for the advancement of primary education, but it is not too much to hope that the Imperial Government's circular letter to the Local Governments will result in a large and beneficent scheme of primary education being adopted in the near future.

"My Lord, closely allied with the progress of whatever schemes of primary or technical education, or indeed of famine relief, legislative improvement or constitutional change is the need of large measures for the improvement of public health. While welcoming the small grant which Government has made for sanitary improvement, I trust I shall not be deemed ungrateful if I say that 30 lakhs of rupees seems utterly inadequate for the needs of the country. I welcome it, however, as an example of Government's good intentions. I hope also that the new departure in Imperial policy will stimulate the liberality of Provincial Governments in future if not at present. The condition attached to the Imperial assignment of 30 lakhs of rupees implies that the Imperial Government is disposed to view the execution of sanitary measures for the prevention of plague as even more important than for other purposes. There are parts of the country in which malaria and fevers are causing a greater loss of life than plague, and in which the execution of large water-supply and drainage schemes are imperatively called for. I hope the condition attached to the assignment will be liberally interpreted so as to permit the utilisation of the grant according to the special needs and circumstances of the different provinces.

"Speaking from a purely financial point of view, I am constrained to repeat my observations at the last Budget debate with reference to the subject of reduction of expenditure. As I said last year, the need for judicious economy in expenditure is becoming greater year after year. I fail to see any well-directed effort to promote retrenchment, whilst on all sides the tendency is to increase expenditure.

"Considering the heavy call on the resources of the Government and the temporary or permanent abandonment of a large portion of revenue, it is not to be wondered at that the Hon'ble the Finance Minister is not in a position to announce any remission of taxation or any expensive scheme of administrative improvement; rather is he to be sympathised with in his efforts to maintain a state of financial equilibrium.

"Nothing can be more emphatic proof that the former rate of duty on salt pressed heavily upon the people than the remarkable increase in consumption

[*Nawab Saiyid Muhammad Sahib Bahadur; Maung Bah Too.*]

since the reduction of the duty. The Hon'ble the Finance Minister is of opinion that even with a great increase in consumption the former revenue from salt is not likely to be realised, but the money has been well lost and the sacrifice has been made in the true interests of the people. In the interesting statement that he makes to show that even in European countries the State derives a revenue from salt, and the system is not confined to India, the Hon'ble Member, I may say, has omitted to mention the comparative incidence of consumption per head of population in those countries and India. That would have been more instructive and would have enabled us to judge whether the people of India even now get a fair share of salt in ordinary times.

"The contraction in the opium revenue, already foreshadowed, has actually commenced in the present Statement, and the probability is that with the co-operation of the Chinese Government the opium habit among the Chinese people will gradually become extinct. The surrender of revenue on the part of the Government of India will be large, but not sudden, and there will be ample time to reajdust the resources and expenditure so as to eliminate the revenue from opium. In the Hon'ble the Finance Minister's words, this money also will be well lost and will have the sanction of the highest morality."

The Hon'ble MAUNG BAH TOO said:—"My Lord, on behalf of the people of Burma, I must acknowledge with gratitude the annual grant of three lakhs from Imperial to Provincial funds for sanitary measures in large towns. The contribution is most acceptable and can be used to great advantage. The need of assistance to municipal and town funds in carrying out schemes of water-supply and drainage has long been recognised. The help now afforded will enable Government to grant substantial assistance towards these objects.

"I welcome the opportunity of making a few remarks on matters connected with the interests of the Province which I have the honour to represent. When the Budget of 1907-1908 was under discussion, my predecessor, Mr. Hall, commented on the terms of the settlement recently made by the Government of India for the distribution of the revenues and expenditure of Burma between Imperial and Provincial funds. He represented that sufficiently liberal terms had not been accorded and that sufficient provision had not been made for the expansion of that young and vigorous Province. Your Excellency has recently visited Burma and you have seen with your own eyes its needs and capabilities. The people of Burma welcomed Your Excellency with loyalty and enthusiasm; and, speaking on behalf of the people of Burma, I can say that their enthusiasm was genuine and uninspired and that they regard Your Excellency's visit as a great event in their history. I venture therefore to ask for Your Excellency's sympathy with my plea.

"As was foreseen and represented by the local authorities, the allotment for public works in the new settlement is entirely insufficient. Prices of labour and material are very high; and, as Your Excellency has seen, the Province is exceedingly ill-equipped with roads and buildings. The backward state of communications is a standing reproach. The needs of the Province are many and it is impossible to expect the revenue to go on increasing by leaps and bounds. An unfavourable season, such as that of the current year, in parts of Upper Burma, sets back the growth of revenue and reduces the Provincial finances to a serious state. Of one great item of revenue, the export duty on rice, which, by the way, is not levied on rice exports to other parts of India, the Province gets no share. All of it goes to Imperial revenues. There are no accumulated balances on which to draw. The Budget of the coming year provides only for the exact minimum closing balance; and I am informed that the Budget of the Public Works Department provides nothing for new works. The whole of the funds available will be absorbed by repairs and maintenance and works in progress. In these circumstances, I venture to ask the Hon'ble the Finance Member to consider the possibility and expediency of making a further substantial annual contribution from Imperial Funds to the Province of Burma to meet absolutely necessary expenditure.

[*Maung Bah Too*; *Mr. Apcar.*]

"I desire also to urge most strongly the claims of the Province to a substantial allotment for railways. At the present time, the only railway line in progress is that from Henzada to Kyangin, and, owing to lack of funds, its progress is slow indeed. Yet there are many projects which should be carried out at an early date. There is the all-important line to the Southern Shan States; there are lines in the Delta of the Irrawaddy; there is a line from Akyab to Chittagong with eventual connection between India and Burma. These are the most important among many proposed railways. I trust that in the distribution of available funds Burma will not be overlooked, but that a substantial allotment may be made for new lines and that at least one important work, preferably the Southern Shan States line, may be begun next open season.

"In conclusion, I beg to say that Burma yields to no Province of the Empire in loyalty to the British Crown and in appreciation of the benefits of settled Government. She has a special claim to the consideration, care and sympathy of her rulers."

The Hon'ble MR. APCAR said:—"My Lord, as regards Railways and Railway Finances, I have to congratulate the Hon'ble Member on the fact that he was able after all to provide 15 crores for Railway Capital Expenditure during 1907-1908 and on his having provided for a 15-crore programme for 1908-1909. At the same time it is to be regretted that there should have been any question as to whether this amount of money would be provided or not. The uncertainty as to what funds will be available for each Railway over a series of years must greatly increase the difficulty of the Railway Administrations in providing adequate facilities to meet the expansion of trade and must also prevent the best use being made of the money. The inability of open lines to deal with the traffic which some years ago was expanding rapidly and which is still expanding, and which I believe will continue to expand at an equal, if not greater, ratio, is largely due to the short-sighted policy of the past. That the Railway Board have now seen their way to provide for expenditure on open lines to the extent of 601½ lakhs and also a sum for rolling-stock to an extent of 574½ lakhs is satisfactory. I only hope that these sums are sufficient, but I fear they are not, for there is still a very great amount of lee way to be caught up on account of the policy which existed during previous years. With a rapidly increasing trade, works designed as sufficient for what is called the immediate future are often already almost insufficient as soon as the works are completed. I have said I believe that it is the mistaken policy in the early years of this century, when the demands of the Railway Administrations for open line works were criticised and cut down to meet immediate requirements, which is accountable for the difficulties which are now experienced in dealing with the present traffic. Although I rejoice to see that the 15-crore programme is to be worked to for 1908-1909, I believe that it is extremely doubtful whether a 15-crore programme is sufficient and whether we do not now require for the Railway works in India a 20-crore or even a larger programme.

"With reference to the Revenue Accounts, although these accounts have not shown such a large surplus during 1907-1908 as was anticipated, yet there is a satisfactory surplus and the Railway property of the Government of India is a most valuable asset. During the coming year the nett receipts are estimated at a slightly larger figure than during the past or present year. It is evident that gross receipts are steadily increasing, and though there is a tendency for working expenses to increase at a faster ratio than the receipts, this is not to be wondered at, since in addition to the Capital Charges a considerable proportion of the expenditure necessary to bring the existing lines up to a standard to meet increased traffic is charged to Revenue Working Expenses. The satisfactory movement in recent years towards lowering rates and fares must also be taken into account. We have seen reduced fares introduced on the East Indian Railway and other Railways, extra concession given for week-end tickets and other holidays. We have also recently seen large reductions in rates specially in connection with long distance coal traffic. With the

reduced rates and freight charges which are developing the resources of the country and a heavy revenue expenditure in improving the facilities on open lines and with the largely increased price of coal, I consider that the increase in the ratio of working expenses to receipts is not surprising and is only what may be expected.

"I greatly regret that Sir James Mackay's Committee were unable to visit India and consult personally with the Chambers of Commerce regarding Railway Finances and other matters. I believe, however, that most Chambers of Commerce in India have reported in favour of the separation of the Railway Finances from the General Finances of India, so that the funds necessary for Railway development may be raised to a greater extent than formerly on the security of the Railway property. Sundry suggestions have been made that the Railways should all be worked by the State, but I believe such views are only held by a small section of the public and that the general opinion would be that, as Government in the past have been unable to supply funds to the extent which our Railways have undoubtedly required, the working of the Railways by Companies should be further extended and that such Companies should be granted facilities to raise funds for the development of their lines as required from time to time.

"In my remarks last year on the Budget I referred to the fact that two engineering firms in Calcutta had recently put down wagon-constructing plant, and I urged that every encouragement should be given to them to extend their works, especially as a large percentage of the expenditure on rolling-stock is for labour, which sum might very well be expended in the country. I regret to learn that these works have not at present got sufficient orders and that they may have to reduce their establishment. I hope that steps will be taken to obviate this and to ensure that a steady flow of works should be given to those who by their enterprise have started wagon works in India.

"I would desire to refer to the question of the construction of new lines. This I thoroughly agree must be subservient to the requirements of existing lines, and the Railway Board with the limited resources at their command have undoubtedly acted wisely in fixing the allotment for new lines at a very small figure. The necessity for this is to be regretted, and in the interests of India as a whole and in the interests of trade I would have been glad to see a very much larger allotment had funds permitted of it. However small the sums available for new lines, I consider that the Sara Bridge Project should have found a place in the allotment for new works. The commercial community of Calcutta consider that this is the most urgent undertaking and cannot but look with amazement on the fact that this project, which has been urged by the Chamber of Commerce and the Calcutta community for years, has not yet received sanction of Government. So much has on former occasions been said as to the necessity for this urgent work, and seeing that the Commission appointed to report on it most strongly advised more than a year ago that the work should be undertaken without delay, that it is a matter of great surprise that even with the small sums available for new construction a grant should not have been given for the Sara Bridge.

"The necessity put forward for starting the Nagpur-Itarsi is on account of famine conditions. Still I consider that this line, which is estimated to cost 410 lakhs, might well have waited till the completion of the Sara Bridge Project.

"As regards the allotment for a short line of 44 miles to serve Messrs. Tata's Iron and Steel Works, I believe that the construction of this work must be undertaken at once to comply with an undertaking given that a branch line to the Iron Ore deposits would be made by the Bengal-Nagpur Railway as soon as the Capital required by the Tata Iron and Steel Works for the construction of the works had been subscribed.

"The establishment in India of large iron and steel works with capital raised in this country is in the best interests of India, and the enterprise should receive every reasonable encouragement.

[*Mr. Apcar.*]

"Another matter that is in the nature of hope long deferred is the Calcutta Improvement Scheme. My Lord, what am I to say about this that I have not said before, both here and in other places? The state of Calcutta and the necessity for improvement have been before the Government for the last quarter of a century. Ten years ago a Medical Board was appointed for the purpose of checking the spread of the plague.

'In exercise of the powers then delegated to them, the Board deputed six Medical Officers to make a sanitary survey of the town and suburbs of Calcutta with reference to certain points indicated for enquiry. The reports of these officers disclosed an appalling state of things; but I do not propose to drag the Council through all this mire. I will merely read a summary which omits the detailed horrors of the reports:—

(*i*) *Overcrowded and badly built houses.*—In many parts of the town and suburbs they found that both *pakka* houses and bustee huts were dangerously overcrowded, and were built in a manner which rendered proper ventilation and efficient conservancy almost impossible.

(*ii*) *Defects of public latrines.*—The public latrines and urinals were in many cases faulty in construction; they were imperfectly cleaned and their number was insufficient to justify even a limited application of the penal provisions of the law in regard to nuisances.

(*iii*) *Defects of private latrines.*—The private latrines were in many cases so constructed that they could not be properly cleaned, nor could the Conservancy Officers get access to them; and consequently many of them were choked with accumulations of filth.

(*iv*) *State of house-drains and down-pipes.*—The house-drains and down-pipes were in many cases broken, choked, and out of repair.

(*v*) *State of surface-drains.*—The surface-drains were blocked with foul matter, latrines were allowed to discharge into them, and the drains themselves were often used as latrines.

(*vi*) *Neglect of road-scavenging.*—The scavenging of the roads was imperfectly carried out, the staff was inadequate for the work, and the subsoil had become dangerously polluted.

(*vii*) *State of compounds and courtyards.*—The condition of the compounds and courtyards of houses was in many cases extremely filthy.

(*viii*) *Pollution of wells.*—Wells in courtyards were contaminated by the percolation of sewage impurities from the soil.

(*ix*) *State of cowsheds and stables.*—Cowsheds and stables were situated in thickly populated places, their construction was faulty, they were greatly overcrowded, and their flooring was soaked with sewage which polluted the wells on the premises.

(*x*) *State of hackney carriage stands.*—The number of hackney carriage stands was wholly insufficient to meet the current requirements of the town, and they were imperfectly flushed and cleansed.

(*xi*) *Condition of bustees.*—Most bustees were badly drained and imperfectly ventilated, the huts were too close together, the latrine arrangements led to the pollution of the soil, the roads and lanes were too narrow, and conservancy was imperfectly carried out.

'On these reports the Chamber of Commerce observed in a letter signed by the late Mr. Clarke:—

"No one can rise from even a cursory perusal of these reports without having the conviction forced upon the mind that there exist in Calcutta conditions of insanitation which constitute a permanent and standing threat against the health of the inhabitants and the prosperity of the city. This would be sufficiently serious if it concerned Calcutta alone, but the Committee cannot blind themselves to the position which Calcutta occupies with respect to the rest of the province and to India generally. It is in a special sense the point to which all classes throughout the country are attracted, and from which they are dispersed over immense areas, either in the pursuit of business, or in obedience to the impulses of religion. Further, the enormous and widely distributed trade of the city makes the health of the inhabitants a matter of constant interest over almost the whole of the world. When viewed in this manner, the state of the city, as disclosed by the Report of the Medical Boards, calls for more than the attention of the Municipal Commission entrusted with the ordinary care of the City; it is a matter which concerns not only the Government of Bengal, but the Supreme Government, and it is sure, the Committee think, to attract very special attention in England, as well as in other countries."

'The description given by the Sanitary Officers of the condition of parts of Calcutta was borne out by the personal observation of the members of the Board, all of whom, with the exception of the native member, who was in bad health, visited the streets and houses, the conservancy of which had been most conspicuously neglected. The reports were also confirmed in the fullest detail and supplemented in innumerable similar instances by the

reports and evidence of Dr. Banks, who had large experience of practical sanitation as Civil Medical Officer of Puri, and was for this reason selected by the Lieutenant-Governor for the post of the Chief Superintendent of Conservancy in Calcutta, a temporary appointment, the Chamber observed, sanctioned by the Commissioners early in October, 1896.

"These evils are no new things in Calcutta They had for the most part been discovered, although not so fully set forth, by Mr. Beverley's Commission in 1884. But they are a far greater danger to the town now than they were then. For in the meantime the relations of Calcutta to the commercial world at large have been drawn materially closer, and the sanitary condition of the City attracts and promises to continue to attract the critical attention of foreign nations to a large and increasing extent. This is due to two causes—the great extension of communications which has taken place throughout the world, and which, as Bombay, the Punjab and the North-Western Provinces now know only too well, facilitates the conveyance of infectious diseases from one country to another, and the growth of the science of bacteriology, which traces disease to microscopic organisms and seeks to ascertain the conditions which govern the development of these organisms and their transmission from place to place. It follows further that as the interests threatened are in the first instance those of the foreign trade, not of Calcutta only, but of the whole of Northern India and Assam, the time has come for the representatives of the commercial community to take an active part in the administration of the City. I say in the first instance advisedly, for there is no interest in Calcutta that must not stand or fall with the commerce of the town. Commerce has made Calcutta: when commerce deserts it, house-property will dwindle in value, lawyers will lose their clients, schools their pupils, and Calcutta will become a city of the dead."

"These were Sir Herbert Risley's remarks in the Bengal Council on the 19th March 1898. My Lord, I can add nothing to them. The state of things then disclosed has remained the same for ten long years. I would ask how much longer is this to continue and how much longer are we to have the stereotyped reply of the Home Member that 'there is every prospect of the scheme for the improvement of Calcutta soon coming to a successful issue.' These were the words used by the Hon'ble the Home Member exactly twelve months ago. May I ask if the word 'soon' is understood by Government to mean something different to the ordinary acceptation of the word?"

The Hon'ble Mr. GOKHALE said:—"My Lord, I confess it was with a sense akin to relief that I read the opening paragraphs of the Statement which the Hon'ble Member has laid before the Council this year. Direct expenditure on famine relief is a fair test of the extent and intensity of a famine. And judged by this test, the calamity that has overtaken the country again this year, though undoubtedly very great, is still not so appalling as the famines of 1877 or 1897 or 1900. The famine of 1877 cost the State for purposes of direct relief a sum of 7½ crores of rupees; that of 1897 also cost nearly 7½ crores; while in 1900 the amount expended exceeded 9¼ crores. Compared with these figures, one feels thankful that this year's famine will not require more than two crores for direct relief. Of course this is on the assumption that the next rainfall will be normal, and for the present one can only hope that it will be normal. Meanwhile it is a pleasure to acknowledge the manner in which the Government is endeavouring to meet the distress everywhere. By far the largest area affected is in the United Provinces, and these Provinces are fortunate in their present ruler. I am sure Sir John Hewett's famine administration will be remembered as gratefully as that of Sir Antony MacDonell in the same Provinces in 1897, and of Sir Andrew Fraser in the Central Provinces in 1900.

"I am not sure that the Hon'ble Member is quite correct when he says that the financial position of this year is stronger than that in 1900-1901. It is true that Mr. Clinton Dawkins had budgeted in 1900-1901 for only a small surplus of £160,000, while the Hon'ble Member estimates the surplus for the coming year at £571,500. But in the first place Mr. Clinton Dawkins had closed the year 1899-1900 with a surplus of over 4 crores of rupees, after finding over three crores for famine relief in that year, whereas the Hon'ble Member, who has been called upon to find during the current year not more than 77 lakhs for famine relief, closes the year with a surplus of 35 lakhs only. Even this surplus of 35 lakhs is more apparent than real. It is a surplus in the accounts of the Government of India. But as the Provincial Governments have during the

year depleted their balances by about 1½ crores, the net result of the year's revenue and expenditure transactions for the country as a whole is a deficit of about 115 lakhs and not a surplus of 35 lakhs. Again, though Mr. Clinton Dawkins had estimated the surplus for 1900-01 at about 24 lakhs, the actual surplus realised at the end of the year turned out to be over 2½ crores, or ten times the modest figure budgeted for, and this after spending over 6¼ crores on famine relief. On the other hand, the Hon'ble Member provides only 130 lakhs for famine-relief during the coming year and he budgets for a surplus of 85 lakhs, against which we have a further depletion of cash balances by Provincial Governments to the extent of 79 lakhs. This does not show that the financial position today is stronger than it was eight years ago. Of course the level of taxation has been lowered since 1900, but that does not alter the real character of the comparison.

"There is one observation of the Hon'ble Member on the subject of this year's famine to which I deem it necessary to take strong exception. The Hon'ble Member points out that the number of those who are in receipt of State relief this year is smaller than on the last two occasions, and he regards it as a reasonable conclusion that this is partly due 'to the greater resisting powers of the people.' Now, my Lord, I think the facts which the Hon'ble Member himself mentions in his statement—*viz.*, that the failure of crops has been less extensive and less complete this time than in 1897 or 1900, and that takavi advances have been made far more liberally and far more promptly than before—are in themselves quite sufficient to explain the difference in the number of applicants for State relief. Considering the extent of the area affected, the depth of the distress caused, and other circumstances of this year's famine, I venture to think that one and a half millions is not at all a small number to be in receipt of State relief at this time of the year. I can assure the Hon'ble Member that no one will be better pleased than myself if the Government of India will order a regular and careful enquiry into the condition of a few typical villages so as to ascertain whether 'the resisting powers of the people' are increasing or diminishing. The Famine Union in London has been demanding such an enquiry for a number of years, and not a few distinguished names in England have associated themselves with this demand. But the Government of India, for reasons best known to itself, shrinks from such an investigation. That being so, I think the Hon'ble Member is not entitled to deduce such a conclusion from such slender premises in so important a matter. The Famine Commission of 1898 tried in the course of their enquiries to collect some evidence on this subject. And their conclusion, which I think still holds good, is worth quoting. After referring to certain classes, whose condition, in the opinion of the Commission, had probably improved, they observe:—

'Beyond these classes, there always has existed, and there still does exist, a low section of the community living a hand to mouth existence, with a low standard of comfort and abnormally sensitive to the effects of inferior harvests and calamities of season. This section is very large and includes the great class of day labourers and the least skilled of the artisans. So far as we have been able to form a general opinion upon a difficult question from the evidence we have heard and the statistics placed before us, the wages of these people have not risen in the last twenty years in due proportion to the rise in prices of their necessaries of life. The experience of the recent famine fails to suggest that this section of the community has shown any larger command of resources or any increased power of resistance. Far from contracting, it seems to be gradually widening, particularly in the more congested districts. Its sensitiveness or liability to succumb, instead of diminishing, is possibly becoming more accentuated, as larger and more powerful forces supervene and make their effects felt where formerly the result was determined by purely local conditions.'

"As regards small cultivators, who, after this class, suffer most from famine, I do not believe they have as yet had time to recover from the terrible effects of recent famines. It should be remembered that the losses of the peasantry during the last two famines in crops and cattle have been estimated at 300 crores of rupees. In Bombay, during the last 12 years, only two years have been free from any expenditure on direct famine relief. The Central Provinces have fared almost as badly. In the United Provinces the present famine comes after only a year's respite to the people, as the year before last was also a year

of famine. In Bengal too, the seasons latterly have not been very favourable. Then over the greater part of the area affected by recent famines, the ravages of plague have been added, and these ravages have meant not only a frightful loss of life, with vast mental anxiety and suffering, but also heavy losses of resources to the poorer classes, whose daily life, wherever the plague rages, is disorganised from four to six months every year. It is true that certain sections of the community—those engaged in textile industries for instance—have recently had a brief spell of prosperity and the newly awakened enthusiasm for industrial development in the country has also had a beneficial effect. But this, I fear, has not made any difference to the bulk of those who go down the precipice at the first touch of famine—barring probably weavers, mill-hands and other workers in factories, and certain classes of small artisans.

"My Lord, the high prices which have been ruling in the country for some time past, independently of the present famine, and which have caused acute and widespread suffering, have naturally attracted general attention, and I was glad to hear the Hon'ble Mr. Miller state the other day in reply to a question by my friend Mr. Chitnavis that the Government was considering the advisability of referring the whole question to a Committee for inquiry. I earnestly trust that a strong Committee will be appointed, and that as early as may be practicable; for, apart from the distress which high prices must cause to those whose incomes do not rise with the rise in prices, the situation suggests certain disquieting considerations, which require a close and careful examination. It seems to me, my Lord, that the phenomenally heavy coinage of new rupees during the last few years by the Government has something to do with this general rise in prices. Really speaking, the artificial appreciation of the rupee by the currency legislation of the Government should have brought about, after things had time to adjust themselves on the new basis, a general fall in prices in this country. In the first few years after the closing of the mints to the free coinage of silver, this tendency was counteracted by a succession of famines and scarcities, and probably in a smaller measure by hoarded rupees having come into circulation. Latterly the general rise, which has taken place in the gold prices of commodities all over the world, has no doubt helped to raise prices in India. But this can account for only a part of the rise that has taken place in this country, and we must look for other causes to explain fully the extraordinary phenomenon we have been witnessing for some time past. I think some light is thrown on the problem by an examination of our coinage statistics. The following figures give the annual average of rupees coined, *minus* old rupees recoined by the Government of India, for each decade from 1834 to 1893, when the mints were closed to the free coinage of silver, and for the years following the passing of the Act of 1899, when coinage operations on a large scale were again resumed. The period from 1894 to 1899 is omitted because during the first three years of that period no new rupees were coined at all, and during the next three a very small number—only about two crores in all—was coined.

"Period (annual average for).	Crores.
1835—44	2·2
1845—54	2·4
1855—64	8·2
1865—74	4·8
1875—84	6
1885—93	8·3
1900—1904	8·3
1905—1907	20·7

"I have not been able to obtain the figures of rupees recoined during the last period, *i.e.*, from 1905 to 1907. I do not think, however, that these figures have been large and the deduction to be made on their account from the average will not, I believe, be substantial.

"Prior to 1893, the melting back of rupees into silver by those who needed silver prevailed on a large scale in the country, and it has been estimated that

[*Mr. Gokhale.*]

about 3 crores of rupees must have been so melted annually. Since the currency legislation of 1893, this melting has had to cease, owing to the great difference between the token value and the intrinsic value of the rupee. The stock of rupees in existence in India before 1898 was estimated by Mr. Harrison, the expert, at 130 crores. During the last ten years, the Government has made a net addition to this stock of over 100 crores. It seems to me that such a sudden inflation of the country's currency is bound to result in a general rise of prices. It may be said that in view of the great expansion of trade during the last few years and of the increased industrial activity of the country, such augmentation of the currency was necessary. A reference to trade returns, however, does not support this view. During the 20 years preceding the closing of the mints, our exports of merchandise advanced from 54 crores to 106 crores, *i.e.*, doubled themselves, and yet the average annual coinage only advanced, as shewn above, from 6 crores to 8·3 crores during that time. Again, from 1894 to 1904 the exports rose from 106 crores to 157 crores, but the annual average coinage for the five years ending 1904 was just the same as that for the eight years ending 1893, *viz.*, 8·3 crores. It is therefore difficult to see why the average should have suddenly gone up from 8·3 crores to 20·7 crores during the last three years. What is probably happening is this. The rupees issued by the Government in response to the demands of trade go into the interior and spread themselves among those from whom purchases are made. But owing to various circumstances they do not flow back quickly to centres of trade or to banks, and thus new rupees have to be obtained for transactions for which old rupees might have sufficed. Meanwhile, the melting back of rupees into silver having ceased, every issue becomes a net addition to the volume of the currency. If this analysis of the situation is correct, it suggests a grave problem, for it means that prices will tend to rise still further. One effect of these high prices, due to a heavy augmentation of the currency, will be to discourage exports and to encourage imports. Another effect will be that whatever gold there is in general circulation in the country—I understand that it is about 12 millions—will be drained from the country. A third effect will be that the cost of production will rise owing to a rise in the cost of living and this will place indigenous industries at a disadvantage in their competition with foreign products. Whether the foundations of the currency system will be involved in the general disturbance that will thus be caused, it is difficult to say. But it is not improbable that an economic crisis, causing great suffering to large numbers of people, may arise, necessitating urgent remedial action at the hands of the State.

"The Hon'ble Member gives an interesting table in his statement to compare the incidence of the salt-duty in this country with what it is in some European countries. Now in this matter of the salt-tax, the people of this country will always remember with feelings of gratitude the Hon'ble Member's tenure of office as Finance Minister, for he has given us two successive reductions of the salt-tax, which is more than any of his predecessors ever did. But, though his hand has given us the relief, his head, if he will permit me to say so, seems still to be under the influence of orthodox official ideas; and in the table compiled by him I detect a lingering feeling of regret that the Government should have sacrificed so much revenue to lower a duty which after all did not press heavily on the people! Now, in the first place, it is necessary to remember that our complaint about the burdensome nature of the salt-tax was with reference to the old level of the duty and not its present level. Secondly, before the Hon'ble Member's comparison can pass muster, it is necessary that he should give us separately the rates of the excise-duty and the import-duty on salt in those countries which he mentions; for when a country has a strongly protectionist fiscal system, heavy import-duties may exist side by side with light excise-duties. And, thirdly, to gauge correctly the comparative pressure of a tax in different countries, we must take into account not merely the amount of the tax paid per head in each country, but also the ratio of that amount to the average income per head. So judged, the salt-tax will be found even today to press more heavily on the people of India than any other people, except those of Italy, as the following table will show. In this table I

[*Mr. Gokhale.*]

have taken the figures of average income per head for the five European countries mentioned by the Hon'ble Member from Mulhall's Dictionary of Statistics. For India I have taken Lord Curzon's figure, though it is clearly an over-estimate:

Country.	Annual income per head.	Salt-duty per head in terms of a day's income.
	£	£
France	25·7	½ day's income.
Germany	18·7	1 day's ,,
Italy	12	4 days' ,,
Austria	16·3	1⅓ days' ,,
Netherlands	26	⅓ day's ,,
India	2	2 days' ,,

"Since the Hon'ble Member is in a mood to appreciate comparisons between India and European countries, I venture to present to him another table, and I respectfully trust that he will find it not only interesting, but also instructive! It is a table giving the State expenditure on education in the five countries selected by the Hon'ble Member for comparison and in India:

Country.	State expenditure on education per head.
	s. *d.*
France	5 4
Germany	4 0
Italy	1 8
Austria	2 4
Netherlands	4 3
India	0 1½

"My Lord, I am glad that the accounts of the Local Boards have at last been separated from those of the Government in the Financial Statement. I wish the Hon'ble Member had at the same time carried further his reform of last year of dealing with Railway and Irrigation figures. He admits the anomaly of treating the two sets of figures differently. He admits also that it would be desirable to deduct the amount of interest from these figures from both revenue and expenditure sides. But he fights shy of a large minus entry which would result from the adoption of this course, though there are minus entries in several other places in the Financial Statement. Well, I can only hope that some future Financial Member will take a different view of the matter. Strictly speaking, it is not only Railways and Irrigation, but also Post, Telegraphs and Mint, that is, all our commercial and *quasi*-commercial services, that must be taken net, if an erroneous idea of our real revenue and expenditure is to be avoided. Also Assignments, Compensations, Refunds and Drawbacks must be deducted from the revenue of the major heads, and advances to cultivators and cost of manufacture in connection with opium must be deducted from the so-called Opium revenue. And on the expenditure side the Interest on Ordinary Debt must be taken net. I venture to think that if our accounts are presented in this manner, they will convey a far more correct idea of our real revenue and expenditure than

[*Mr. Gokhale.*]

is done at present. Thus re-arranged, the figures of the budget for the coming year will appear as follows :—

Revenue (in millions sterling).

Major Heads	45·98
Commercial and *quasi*-commercial services	3·29
Departmental Receipts (Civil, Miscellaneous, Public Works other than Railways and Irrigation, and Military)	2·92
TOTAL	52·19

Expenditure (in millions sterling).

Charges for collection of revenue	6·04
Interest	·72
Salaries and expenses of Civil Departments	14·04
Miscellaneous Civil charges	4·62
Famine Relief and Insurance	1·53
Other Public Works	4·45
Military charges	20·75
	52·15
Deduct portion of Provincial expenditure defrayed from Provincial balances	—·53
TOTAL	51·62
Surplus	·57

"Of course I recognise the difficulty of making radical alterations in old and long established forms, but I would earnestly urge the Hon'ble Member to see if he cannot add another table to the Financial Statement on the lines suggested above. It will certainly serve a useful purpose, for it will enable everyone, who turns to it, to see that our real revenue is only 52 millions sterling and not 73 millions!

"My Lord, I welcome with sincere satisfaction the grant of 30 lakhs of rupees which the Hon'ble Member places at the disposal of the Local Governments during the coming year for assisting municipal bodies in undertaking works of sanitary improvement. The Hon'ble Member promises to make the grant an annual one, and considering the great importance of the principle which underlies it, I am sure the country will warmly appreciate the fact that a beginning in this direction has been made, in a year when the difficulties caused by famine might easily have dissuaded the Hon'ble Member from undertaking a new expenditure. Thirty lakhs a year is no doubt a small sum, compared with the vastness of the object to which it is to be applied, but now that the principle has been recognised and a beginning made, I am not without hope that the amount may be increased when the present famine conditions pass away and normal times return. Even as it stands, the grant marks a substantial improvement on the existing situation, as may be seen from the following figures which I have been able to obtain through the courtesy of the Hon'ble Sir Harvey Adamson. These figures show the amounts contributed by the several Provincial Governments out of Provincial revenues as grants-in-aid to Municipalities towards capital outlay on drainage and water works during the last five years, *i.e.*, from 1902-1903 to 1906-907 :—

Province.	Total amount in rupees in five years.	
Madras	6,47,000	(exclusive of 3 lakhs given to the city of Madras).
Bombay	*Nil.*	
Bengal	1,05,400	
United Provinces	5,68,235	
Punjab	2,35,000	
Burma	1,58,000	
Eastern Bengal and Assam	14,000	
Central Provinces	41,000	
North-West Frontier Province	*Nil.*	
Total for all the Provinces in five years	17,68,635	

[*Mr. Gokhale.*]

"This gives us an annual average of 3½ lakhs a year for the whole country, and contrasted with it the Hon'ble Member's 30 lakhs a year is almost a liberal provision! It may be noted that during these same five years, while the Government contributed a mere pittance of 17½ lakhs towards the sanitation of our towns, which are being decimated by annual visitations of the plague, His Excellency the Commander-in-Chief was able to obtain for military charges a sum of about 27 crores above the level of the military expenditure of 1901-1902; and nearly 60 crores were spent as capital outlay on Railways, of which one-third, or over 19 crores, was found out of current revenues. My Lord, this treatment of sanitation, as though the Government had no responsibility in regard to it, has hitherto been one of the most melancholy features of the present scheme of financial decentralisation, under which sanitation has been made over to local bodies as their concern, though they have admittedly no resources for undertaking large projects of improvement. The analogy of England is often quoted to justify this arrangement, though on the same analogy our railway construction should have been left to private enterprise; but it is not. My Lord, our mortality statistics are ghastly reading. The officially recorded death-rate has steadily increased during the last 20 years from 28 per thousand to over 36 per thousand. It was about 28 during the first quinquennium, 1886—1890; from that it advanced to nearly 30 during the second quinquennium, 1891—1895; from there to 32·5 in the third quinquennium, 1896—1900; and from that to 33·5 in the fourth, 1901—1905. For the year 1905—the last year for which figures are available—it was 36·14, being even higher than for the year 1897, when the country was devastated by one of the greatest famines of the last century. It is significant that during this same period of 20 years, England has succeeded in bringing down her death-rate from 20 to 15·5 per thousand. Again, taking only our urban areas, we find that the rise in the death-rate from 1896—the year immediately preceding the appearance of plague in the country—to 1905 has been from 36·5 to 41·7. Last year His Majesty the King-Emperor was pleased to send a gracious message to the people of this country sympathising with them in their sufferings from plague. Your Excellency too made a most feeling reference to the ravages of plague in the course of your last budget speech. My Lord, may we not hope that the Government will in future show a greater recognition of the claims of sanitation on the resources of the State than it has done in the past, as no real improvement in public health is to be expected, unless vigorous efforts are made throughout the country to push on sanitation. Three years ago I urged in this Council that at least one million sterling a year should be provided by the Government to assist municipal bodies in the construction of drainage and water works. I earnestly trust that the amount will be forthcoming before long. It is really a modest demand, considering the interests involved and considering also the requirements of the situation.

"In this connection it is a matter of deep regret to me that I cannot persuade the Hon'ble Member to see the reasonableness of my suggestion as regards the utilisation of our surpluses—at least of a portion of them—for promoting sanitation. I do not propose to repeat today my arguments in favour of such a course, as I have urged them again and again in this Council with perhaps wearying iteration. But there is one misapprehension of the Hon'ble Member about which it is necessary to say a word. He thinks that as a surplus is in the nature of a windfall and entirely uncertain, to make allotments out of it towards sanitary projects would involve wastage, as works may have to be stopped after being undertaken, if one surplus is not followed by another surplus; and he says that this would be unsound finance. I do not, however, see why there need be any stoppage of works or any wastage. My proposal would work as follows:—suppose there is a surplus of 2 millions one year and suppose it is decided to devote it to sanitary improvements. The different Provincial Governments will receive allotments out of it, which they will temporarily hold as part of the Provincial balances. They will have before them a programme of sanitary projects and they will offer assistance out of the allotment to such of them as appear to them to be the most urgent. It should be laid down that no assistance should

be offered unless the whole of the money required to meet the liability is there in the balances or can be provided partly out of the allotment and partly out of Provincial revenues. When a second surplus is realised, and fresh allotments are received, other projects can be taken up for assistance in the same way. If there is no surplus to allot, no harm is done. These surplus allotments may be in addition to the regular annual grant. I do not see what is there that is unsound in such a course. On the other hand, I cannot help regarding the present practice of devoting surpluses to railway construction—which means investing them as capital—as unjust to the tax-payers and wholly indefensible. What will the Hon'ble Member think of a man who, while his children are sickening and dying, neglects to improve the sanitation of his house and uses whatever money he can spare out of his income for purposes of investment? And yet this is precisely what the Government of India has been doing all these years. Our railways, on which already 400 crores of rupees have been expended, rest on a commercial basis. They are remunerative as a commercial undertaking and they should be constructed only out of borrowings. Surpluses are so much more revenue taken from the people than was necessary for the requirements of the Government. As it is not possible to return a surplus directly to the people, it should be spent in meeting non-recurring expenditure most urgently needed for their welfare. Such expenditure today in this country is expenditure on sanitary improvements The Hon'ble Member proposes to devote to Railway construction a sum of 1¾ millions sterling out of cash balances during the coming year. This raises the question whether there should not be a definite limit to cash balances. If in fat years larger cash balances than are really required are to be built up out of current revenues and in lean years they are to be drawn upon for Railway construction, it really means finding money for capital outlay on Railways out of the proceeds of taxation, whether the years be fat or lean. The question was carefully considered by the Government of Lord Northbrook, and the conclusion arrived at was that 13½ crores should suffice as cash balances. Since then Burma has been added and the normal level of expenditure has also risen considerably. Still cash balances, ranging between 25 and 30 crores, appear to be unnecessarily large and may, I think, be brought down to a lower level.

"My Lord, I think the country has a right to complain that the conclusion of the Anglo-Russian Convention, which has been acclaimed by its authors as a great triumph of diplomacy, has made no difference whatever to the people of India, so far as the weight of military charges is concerned. It is true that certain lapsed grants have not been restored to the military budget this year, but that is owing to the difficulties occasioned by the famine, and moreover they only mean a slight postponement of certain items of expenditure. Two years ago, when I urged a reduction of military expenditure in this Council in view of Russia's collapse in the Russo-Japanese War and the conclusion of the Anglo-Japanese Alliance, Your Lordship observed:—

'Recent events may at first sight appear to justify much of what the Hon'ble Mr. Gokhale has said. Russia's reverses in the Far East and our alliance with Japan undoubtedly at the present moment minimise the dangers of our Indian frontier; but I am afraid I cannot follow the Hon'ble Mr. Gokhale in his conclusion that these dangers have disappeared for ever. He has told us that the tide of European aggression in China has been rolled back for good, that the power of Russia has been broken and that her prestige in Asia has gone. I am afraid these are mere assumptions which I can hardly accept. I am afraid I feel much more impelled to consider what effect Russian reverses may have on the pride of a high-spirited military race and I wonder in how long or in how short a time she may feel confident of recovering her lost prestige.'

"Well, this time it is an agreement with Russia herself that has been concluded and now at any rate there is no justification for regarding Russian aggression on the North-West Frontier as anything else than a mere remote possibility. But now I fear another ground is being taken, namely, that in view of the unrest prevailing in the country and the tendencies of thought and utterance among a section of the people, it is not desirable to touch the military expenditure of India. My Lord, all I can say is that such a view of the situation

[*Mr. Gokhale.*]

is most unjust to the vast bulk of the tax-paying community in the country. No doubt it is the case all over the world that when military charges have been once allowed to grow, it is extremely hard to get them reduced again. In India, in addition to this general difficulty, there are special difficulties connected with the exceptional nature of the situation. But the general satisfaction that will result from a reduction of our overgrown military expenditure is an important consideration. On the other hand, the retention of the present level of charges, in spite of the Anglo-Russian Agreement, will probably tend to strengthen those very tendencies which are alleged to stand in the way of a diminution of the country's burdens.

"There is one more point that I would like to urge about our financial administration before I close. I think it is necessary that a larger portion of our revenues than at present should be devoted to objects on which the moral and material well-being of the mass of our people ultimately depends. The expenditure on the Army, the Police and similar services may be necessary, but it is a necessary evil, and, consistently with the maintenance of a proper standard of efficiency, it must be kept down as far as possible. On the other hand, no State, especially in these days, can expend too much on an object like education. And, here, my Lord, I regret to say that the Government is not doing its duty by the people of India. Everywhere else throughout the world the State now accepts it as a sacred obligation resting on it to provide for the free and compulsory education of its children. The Gaekwar of Baroda has recently adopted measures to make this provision for his subjects. What every civilized Government provides for its people, what the Gaekwar is providing in his State, the Government of India must surely provide for the people of British territories. There is no escape from so obvious a duty, and every day's delay is a wrong to the people. We sometimes hear it said that it will be impossible to find money for so vast an undertaking. My Lord, it is not true. The money is there for whatever developments may take place immediately, and it can be found without difficulty as we go along if the burden is distributed over a number of years and the task taken in hand in a resolute spirit.' The Hon'ble Mr. Baker makes an interesting observation in one of the paragraphs dealing with Famine, which throws a flood of light on this point. He says that the loss to the Exchequer of the Government of India—apart from the losses of the Provincial Governments—from this year's famine has been estimated at 3 crores during the year about to close and at $3\frac{1}{4}$ crores in the coming year. As there has been a small surplus in the accounts of the Government of India this year and as the Hon'ble Member has budgeted for another surplus for the coming year, his estimate should carry conviction to the most sceptical mind. My Lord, I repeat the money is there or can be found without difficulty. Only the will has to be there and then we shall not be found merely discussing the difficulties of the problem. Then there is the question of technical and industrial education. Half a million sterling for initial equipment and about five lakhs a year for maintenance charges should give the country an Institute of Technology, almost fit to be included among the great institutions of the world. And the expenditure will return tenfold to the State not only in the advance of technical and industrial education in the country, but also in the appreciation and enthusiasm of the people. I have already spoken of the needs of sanitation. Lastly there is the vast problem of agricultural indebtedness. Here, except perhaps for initial experiments, the money for any scheme of relief that may be adopted—if one ever is adopted—will have to be out of loan funds, and there is ample margin for borrowing for such a purpose, as our Ordinary Debt now stands at only about 37 millions sterling.

"My Lord, we are passing through very anxious times. How we shall emerge from this crisis, when it is over, is a question that is occupying all earnest minds in the country today, almost to the exclusion of any other question. There is much in our present situation that is naturally galling to proud and sensitive spirits, and young men, fresh from their books, are coming forward on every side to ask why things need be as they are. As yet they have

not permitted themselves to imagine that their interests do not lie on the side of order. But sooner or later, mere order is bound to appear irksome to those who zealously cultivate the belief that there is no chance of better days for their country as long as existing arrangements continue. They will no doubt discover before long the limitations of their position. They may even come to recognise that life is not always like writing on a clean slate, and that in the peculiar circumstances of India they must range themselves, in spite of the humiliations of the situation, in their own best interests, on the side of order, for without its unquestioned continuance no real progress for their country is possible. My Lord, many things have happened during the last three years which have had the effect of swelling the ranks of these men. Even the feeling of love and reverence, with which, as a great teacher, the philosopher-statesman at the India Office was regarded by successive generations of educated classes and which was really an asset of value to British rule when he took charge, has helped to add to the difficulties of the situation. That feeling has given way to a sense of irritation and disappointment, because Mr. Morley has on occasions used language which has wounded and has sanctioned measures which have bewildered and amazed. And though those among us, who have not made sufficient allowances for Mr. Morley's difficulties, will in the end regret the harsh things they have said of him, he certainly for the time has lost the power of arresting the rapid decline of my countrymen's faith in England's mission in this country. My Lord, the Government will no doubt put down—indeed it must put down—all disorder with a firm hand. But what the situation really requires is not the policeman's baton or the soldier's bayonet, but the statesman's insight, wisdom and courage. The people must be enabled to feel that *their* interests are, if not the only consideration, at any rate the main consideration that weighs with the Government, and this can only be brought about by a radical change in the spirit of the administration. Whatever reforms are taken in hand, let them be dealt with frankly and generously. And, my Lord, let not the words 'too late' be written on every one of them. For while the Government stands considering—hesitating, advancing, receding—debating within itself 'to grant or not to grant, that is the question'—opportunities rush past it which can never be recalled. And the moving finger writes and having writ, moves on!"

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA said:—"My Lord, the dominant feature of the Financial Statement which was presented to the Council last week, is the famine, and in view of the present situation no one can have expected that the Hon'ble Mr. Baker would again this year announce those large surpluses which it has been his good fortune to report in each of the last three years. The revised estimates for the closing year show a falling off of surplus to 35 lakhs against 116 lakhs, being a net decrease of 81 lakhs, or less than one-third of that which was budgeted last year. Yet the result gives striking evidence of the prosperity of the country and the wise handling of its resources. My Hon'ble Colleague the Finance Member rather takes an optimistic view of the present situation when he estimates a surplus of 86 lakhs for the next year, in the hope that the monsoon will then be normal in character. However, let us hope that his expectations will be fulfilled. The gratifying feature of the present budget is the grant of 12, 30, and 150 lakhs for Police reform, improvement of the public health, and Irrigation works, respectively.

"The failure of rain has again resulted in widespread famine. The United Provinces of Agra and Oudh are more severely affected than other provinces. An effort should be made to prevent famine as far as possible. In a country like India, which has been bountifully supplied with an inexhaustible store of river water, the ruinous effects of failure of rains upon the agricultural condition of the country may be averted by utilising and economising the waters of the great rivers for irrigation purposes. The Government, who well realise this truth, are already turning to advantage the waters of some rivers in different parts of the country, which feel for this reason less acutely the advent of famine caused by

drought. But there remains still much more to be done in the direction of the development of irrigation. The more this question receives the attention of the Government, the better for the ruled as well as for the rulers. We are all aware that our irrigation works are more lucrative and profitable than our railways; our well managed and wisely conducted canals returning interest at the rate of 9 per cent. on the capital outlay, while railways pay us interest only at the rate of 5 per cent. The Hon'ble the Finance Member in paragraph 77 of the Budget Statement remarks that 'the steady growth of the relative burden of working expenses in the last few years is a somewhat disquieting feature. A time comes in the history of most railways when the receipts from new traffic hardly cover the cost of carrying it; and it is a matter of common remark that this stage has been reached in not a few railways in the United Kingdom. Hitherto, however, it has not been supposed that we were within measurable distance of it in India. Various reasons have been suggested to account for it, such as the increased cost of coal and the higher salaries which are now generally commanded by railway establishments.' Therefore, at least in view of these facts, instead of spending a greater portion of the surpluses on railways, it should now be applied to a large extent to the construction of irrigation works, which besides being more profitable from a business standpoint, have a stronger claim on our surpluses, inasmuch as they would contribute to the development of the resources of the country, minimising the misery and distress in the event of failure of rains, and ameliorating the financial condition of the agriculturists, in favour of whom Your Excellency generously gave expression in your speech at the last year's budget debate in the following words:—'He (the tiller of the soil) is the man we must strive to help. He is to a great extent the backbone of the population of India. On his welfare depends much of the happiness and the contentment of the people.' I know that Railways play a prominent part in alleviating the severity of famine by affording easy and cheap means of locomotion in addition to the expansion of trade. But I may be allowed to say that much has been already achieved in the extension of railways, and now we have already a sufficient network of them in the country.

"I am not well acquainted with the results of the activities of the Forest Department, but I think it is obvious that some more tree-planting could be effected in India. If enquries were made, I believe there could be found waste tracts and hill slopes in various parts of the country which might be made to bear rain-attracting trees. Since the introduction of railways into India and also on account of the gradually increasing population of the country, and the wants and restless activities of large communities, there has necessarily been great destruction not only of isolated trees in village tracts, but of whole forests, and I am not aware that re-afforestation has kept pace with destruction. Should the Government feel itself unequal to the task of increasing the activities of the Forest Department, much could be done by encouraging agriculturists to plant trees as boundaries or when opening new wells, or on spaces which are not deemed suitable for other forms of cultivation. The advantages of such a course could be easily explained to them and no serious objection would be made. The attention of Native States, such as those in Rajputana, which are the constant theatres of devastating drought, might also be called to this matter, and I feel sure they would gladly respond. Several parts of Rajputana are now unfortunately in an arid condition though they were in former ages irrigated by the copious waters of the *Saraswati* from the Himalaya Mountains. That the rainfall and the temperature of a country are favourably affected by trees is a matter so commonplace and so universally admitted, that I need not dwell on it here.

"Another important measure would be to encourage emigration of the population of overcrowded provinces to more thinly populated areas, where vast tracts of waste land might be reclaimed by constructing irrigation canals. The Government have tried this experiment in the Punjab; and the existence of the flourishing district of Lyallpur affords tangible evidence of the boon conferred on the people of that province. But this boon must be extended to other provinces

also, especially to the United Provinces, and Rajputana, which suffer grievously in famine times. The peasantry of these provinces should be afforded facilities and induced to emigrate.

"The people of India who mostly depend for their livelihood on the industry of agriculture may likewise be supplied with other means of sustenance, so that the high percentage which now exists of the agricultural population may be decreased by the employment of those from among them who may be badly circumstanced, or who may happen to have gloomy prospects of making their living by means of this industry. Other resources of India than the agricultural are not small. Its mineral wealth is still in embryo. Its seas could be made a source of affluence to the Indian populace by the development of fisheries. If the country were equipped with an ample number of profitable manufactures, they would ameliorate the condition of the indigent labouring classes. It is therefore most desirable that Government should give encouragement to the opening of manufactures and the development of industries. Technical training may be given along with scholastic education, which in present circumstances is turning out so many unemployed and discontented people. An idle man is prone to mischief. Supply him with work, and the mischief will be gone.

"I cannot help thinking, in spite of all that the Hon'ble Mr. Miller said the other day in reply to a question put by the Hon'ble Mr. Chitnavis, that it seems a pity that grain should be allowed to be exported out of India when the children of the soil can hardly buy enough thereof to keep body and soul together. Your Excellency, in your speech at the Famine Fund meeting, said the other day :—

'It is quite true that the present famine cannot be compared to the last two great famines, either in respect to its extent or severity, but it has *one* distinguishing feature in which it markedly differs from its predecessors, and to which I should wish to draw the attention of the meeting. *That feature is the very high range of the prices of food-grains.* They are much higher than the great famine of 1900, and distinctly higher than in 1897, and though the labouring and artisan classes have to some extent been saved from distress by the gradual increased demand for labour in the last few years, and though cultivators in the fortuante position of having a surplus to sell, have benefited by the rise in prices, there is on the other hand an actually larger number than in former years of respectable poor people, whom custom and tradition forbid to apply for Government relief, to whom these prohibitive prices mean the most terrible distress and suffering.'

"It would certainly be conducive to the general well-being if in times of scarcity some restrictions were placed on the free exportation of grain. The Hon'ble Mr. Miller's apprehensions on this score seem to me to be not quite well-founded.

"Your Lordship last year dwelt with kindly feelings on the ravages of the plague in India. While in other parts of India the plague is generally confined to large cities, in my province it does not leave even the villages free. The reason is that a Punjabi village is a conglomeration of dirty huts opening on lanes in which all sorts of rubbish are freely thrown. Sun and air find no access to these huts ; and as long as Punjab villages remain in their present state there is little hope of eradicating the plague from them. It would be an interesting experiment if some model villages were built formed of detached hamlets open to sun and air, and people were allowed to acquire them on the payment of small sums by annual instalments. The old villages could then be demolished and their sites made village commons. If some such thing were done, it would in time conduce to the general well-being of the village community. Though inoculation and evacuation of houses may all be good in themselves, yet I am afraid we cannot get rid of this dire scourge until we improve the standard of living of the people.

"It is a matter of sincere pleasure that the Government has at last realised the importance of attending to the public health. Hitherto very little has been done in this direction. The decision of the Government to allot a sum of 30 lakhs per annum for expenditure on sanitary improvements with special reference to the prevention of plague is to be heartily welcomed. Out of this sum my

[*Tikka Sahib of Nabha.*]

province, the Punjab, gets four lakhs, for which I am most grateful. Although this grant is all too small considering the requirements of the country, yet it is a welcome move in the right direction. The Hon'ble the Finance Member himself admits this fact when he says it is to be regretted that it has not been found possible to make this grant larger. The Hon'ble the Finance Member in paragraph 65 of the Budget Statement says :—

'Apart from expenditure of this nature, which will not, we trust, be of a permanent character, there is room for almost unlimited outlay of the most beneficial description, in reforming the sanitary arrangements of the larger towns.'

"Our surpluses should in future therefore be advantageously applied to such useful purposes.

"A few words about our police may perhaps not be considered out of place. Our Police, especially in its lower ranks, is not what it ought to be. Perhaps I am speaking the plain truth when I say that in this country innocent people are more afraid of the police than even of the criminal classes, because the latter know that the members of the force will hardly be able to reach them. Instead of being a source of comfort to those who stand in need of their assistance, they are a sort of terror to the respectable people, and this is due to the fact that they are generally recruited from the lowest grades of the Indian people. As regards their incapacity for work, two recent instances would suffice. The culprits who made such a cowardly and mean attack in December last on the life of Mr. Allen (who has since then happily recovered from his injuries) and those who burnt a certain Sikh Gurdwara in the Punjab not many months ago, are still at large, and no trace of them is to be found. Every effort should be made to improve our police force, because it is they who mostly come in touch with the people. The recommendations of the Police Commission should be given full effect to, especially with reference to recruitment and training. No person should be recruited unless he is of good moral character and social position, and the recruits should be specially taught how to deal with the general public. Above all, what is most essential is, that very strict watch should be kept on them, and their faults should never be overlooked, but, on the contrary, promptly and strictly punished. This is a matter in which the hearty co-operation of senior police-officers is required, as otherwise there will be no hope of any real reform. I hope that the proposed expenditure on police will be applied so that it will filter down to the lowest grades and make the Police Department a desirable one to enter, and that it shall no longer be deemed, as it so often is now, a *ganda mahakama* or shabby department.

"I may be permitted to make a few passing remarks about the Gurdwara arson case to which I have just alluded. In that case all the accused were discharged by the trying Magistrate, but there are one or two points in his judgment dated the 5th December 1907, which deserve attention. He says :—

'I may state here that my reason for not trying the case myself was, that I had watched the police proceedings from the beginning and had consequently formed opinions as to the *bonâ fides* of the prosecution witnesses. I transferred the case to my own Court however on the 2nd November 1907 for reasons *which need not be specified.*' * * *
The investigation has proved to me conclusively that the outrage was *not* the result of local religious antipathies *but* merely an attempt on the part of some of the Muhammadans of Udharwal to induce the Hindus to come back to the village and look after their property.'

"I have taken these extracts of the judgment from the *Khalsa Advocate* dated the 11th January 1908, a weekly published in Amritsar. Now as regards the first point, the Magistrate ought to have given his reason for transferring the case to his own Court, which he says 'need not be specified.' But the question arises why? He admits himself that before hearing the case, nay even before recording evidence, he had formed his own opinions regarding it, and in these circumstances what else could have been expected from him than what subsequently happened? On the second point I need not say much, because the absurdity of the Magistrate's argument is self-evident. What an extraordinary theory that the outrage was not the result of religious antipathies—a theory which it was the duty of the Magistrate to verify by the

[*Tikka Sahib of Nabha*]

facts of the case. A supposition could not and should not have found a place in a judicial record. The Government encourages the people at the time of plague to evacuate their houses, but in Udharwal, when the poor Hindus went forth, our Muhammadan brethren amused themselves, as the Magistrate practically tells us, by burning their Dharmsala, in order to induce the Hindus to come back to their houses and look after their property! I sincerely trust that the Government will not allow this matter to rest here, and that we shall hear before long of the arrest and exemplary punishment of the real culprits in that case.

"My Lord, I cannot let this opportunity pass without drawing your serious attention to the condition of the Indians in the Transvaal and other British colonies. Every one knows to what humiliation they were lately subjected in the Transvaal, where they were treated as common criminals. The indignities imposed upon them there were taken to heart by every Indian. No doubt the indomitable will of a few Indians in the Transvaal, never to submit to humiliating ordinances, achieved a great moral victory, but that was only transitory. During the late Boer War Indian troops were sent from here to assist the British, and now when peace has been restored, the poor Indians are not treated like human beings, but as lower animals. It is freely said in speeches and writings that India is the most brilliant jewel in the British Crown, and yet Indians are treated in this manner in other parts of the world which are under British protection. The Proclamation of the late Queen Victoria to the Princes, Chiefs and People of India says:—'We hold ourselves bound to the natives of our Indian territories by the same obligations of duty which bind us to all our other subjects; and those obligations, by the blessing of Almighty God, we shall faithfully and conscientiously fulfil.' Not many months ago, the Right Hon'ble Mr. Morley said in Parliament:—'The Indian Asiatic is a man with vivid susceptibilities, with great traditions and a civilization of his own; and we are bound to give him the same respect and sympathy with which we expect to be treated ourselves.' Only the other day I saw a letter from General Gordon to a friend of mine in which he said:—'Government.—There is but one way, and it is eternal truth—get into their skins, try to realise their feelings, that is the true secret of Government.' That is a great political law as well as an ethical law, and I hope that in all that we do it will not be forgotten.

"The treatment to which my countrymen are subjected should not be tolerated. I think it is one of the foremost duties of the British Government to protect the rights of Indians in the British colonies. The concessions lately made to the Indians in the Transvaal are not quite satisfactory. Under the new arrangements the registration system, which is degrading, is still maintained. It is perhaps the irony of fate that India is now so looked down. The colonists who act in the manner complained of, do not seem to remember the fact that when their forefathers were no better than savages, India was in the full glory of her ancient civilization. If free governing colonies can do as they like, we must also be allowed to stand up for our rights, in whatever portion of the globe they are assailed; and I think our Indian army will be found adequate to protect them here as elsewhere.

"To associate more and more the children of the soil with the higher administration of the country, both civil and military, is the pressing problem of the day. Many young men of the Indian aristocracy cannot proceed to foreign countries for education on account of caste prejudices and other difficulties; and others who are willing to go are prevented from doing so by their parents, who are unfortunately so much attached to them, that they would not let them go on foreign travel, however much it might be conducive to their advantage. So I beg to suggest that facilities should be afforded to young noblemen to qualify themselves in this country for Indian service in its various forms, because they are naturally more fitted to serve in higher and responsible offices than the offspring of the lower classes. Examination qualifications cannot be considered as the *only* test of fitness for authority

It is also nobility of character and birth and a sympathetic attitude towards the people, which make a popular and beneficent ruler, and only he who possesses such qualities can command the respect and confidence of the public at large. Let us hope that these aspirations will not be frustrated, but will be fulfilled and realised before long.

"A sum of twenty-seven lakhs of rupees has been set aside for expenditure on education during the ensuing year. It is to be hoped that this will be suitably applied. Primary education is an admitted necessity for the country. I have read with much pleasure Your Excellency's speech in reply to the address of the orthodox Hindu community, in which you stated that you saw no objection to the institution of denominational hostels. I am strongly of opinion that the religions of India ought to be maintained, and this can only be done by a system of denominational education. I am of opinion that even the Chiefs' College at Lahore is unfit for the education of Sikhs of position. In this connection I would beg to point to the deplorable ignorance of the religious systems of the country generally possessed by English officials in India.

"The Educational Report of the Punjab of last year is of more than usual interest. We cannot sufficiently thank the Hon'ble Sir Charles Rivaz for the interest he took in the spread of education in the Punjab; and it was due to his enlightened policy that money was liberally spent on education in all grades, and that private enterprise was also treated with generosity. During the period of his term of office the expenditure on public instruction rose from 32 to 52 lakhs of rupees. Nine hundred new Primary schools for boys and two hundred schools for girls were opened. Forty thousand more boys and seven thousand more girls are now the recipients of elementary education than was the case in 1902.

"As far as I can see, these Primary schools are opened mostly for the benefit of the agricultural population, but I am afraid that the agricultural classes are not fully benefited by them. With a little more expense and forethought it might be possible to adapt these schools to the requirements of the villagers. As a first step the scope of the work of these schools should be defined; and they should be raised to such a position as to enable them to teach something useful to the agriculturists. In the first place, an attempt should be made to instruct the pupils in reading, writing and arithmetic in their own language, not as it is done now in Urdu, which is a foreign language. The result is that after three or four years' study they hardly understand the meaning of the words they read or repeat. Education to be of any real advantage must be given first in the easiest language to learn; and could there be any language easier to learn than one's mother tongue? So primary education in the Punjab ought to be given through the Punjabi only, and in the characters peculiar to that language. When the Government has recognised a knowledge of Punjabi as a desideratum for the British military and civil officers, it is very strange indeed that the Educational Department should have forced on the poor Punjabis the necessity to forget their own vernacular for the camp language of the Mughal Emperors which is not a general household language in India. Then again books should be specially compiled containing useful information in simple and colloquial language about agriculture, sanitation, manure, and cattle. The schoolmaster should be a man who knows something about cattle diseases and practical farming, so that he may be able to attract the attention of the villagers and win their respect by his knowledge of the very subjects which they pride themselves on knowing better than any one else. It would be far better to have fewer schools doing really useful and practical work than to open many lower primary places of instruction which serve no useful purpose.

"The subject of education of Government wards also calls for a few remarks. The present arrangement is not quite satisfactory, and I think that the Government's policy of 'religious neutrality' is responsible to a great extent for it. No doubt this is a very delicate and complicated question, but solve it we must, because on it largely depends the success or failure of the education of Government wards. An education which lacks moral and religious training cannot be considered as complete or of any real advantage. The wards

are now taught only what might be useful to them to get employment, a course of instruction which is only useful for an office-seeker. They should be first taught the principles of their religion and after that a liberal English education should be given them. The Government should pay special attention to this subject, because in the case of its wards Government fills the place of their natural guardians. I could give instances in which the education of Government wards has totally failed in the past, but I do not wish to do so for obvious reasons.

"My Lord, I must draw your special attention to some of the social evils of this country, which require very careful consideration on the part of the Government. We do not wish the Government to interfere needlessly in the social affairs of the people, but it would be desirable that clear and simple social rules should be framed for the guidance of the people. Education is spreading and opening the minds of Indian women also. What they in their state of ignorance regarded as natural and inevitable, now appears to them unendurable; and many an educated and sensitive girl has to pass years of misery either in widowhood or in the retirement of *Zenanas*, from which she can see no way of escape. The old customs and laws of the country can hardly meet the demands of the new conditions; and it behoves the Government to assist as much as possible in the dissemination of wholesome ideas on the subject.

"I am constrained to bring to the notice of the Council one or two cruel customs of the country:—

"I. A man can go on marrying and deserting as many wives as he likes. The women so deserted cannot marry again, and are often compelled to lead immoral lives. Is it too much to ask that when a woman has been absolutely deserted by her husband, say for five years, she may be allowed to marry again? It would remove a great burden of pain and suffering if long desertions were recognised by law as sufficient to annul marriages.

"II. Frequently parents take money in exchange for their daughters. In other words, they sell their daughters to the highest bidder. The older the man, the higher the price he has to pay for his wife. Is it not a sort of slavery still prevalent in India? The most heartrending sight is one which we not infrequently see, of a young girl of 10 or 12, nay sometimes even of 6 or 8 years, being married to a man 70 or 80 years old. I have given these figures most cautiously, but perhaps still more glaring instances could easily be found. I beg and pray that some sort of preventive law be passed without any further delay to put an end, once for all, to all such practices for the good of the country and its people.

"The question of intoxicating drugs is one on which I feel bound to say a few words again this year. This question is now before the British Parliament, and I have every reason to hope that our Government will not lag behind, when the time for action arrives. In the Punjab, plague has led to an increased habit of drink, and to save the fine Punjab peasantry from the degradation and ruin which follow the habit of drinking, some stringent rules against the free sale of country liquor should be issued.

"Intoxicating drugs are surely a great plague of the world. They are first seductive and afterwards destructive in their effects. Among intoxicants, wine is the worst of all. This evil is spreading all over like wildfire, and retarding our social and moral progress. Some philanthropists are endeavouring to save mankind from falling a prey to this evil, and the Temperance Associations are doing good work, but the greater part still lies with the Government. Until a preventive measure is passed, I am afraid this evil cannot be extirpated from the country. The use of wine in the Army should be strongly discouraged. In order to make soldiers brave and fit for the honest and effectual discharge of their duties, they should be strongly prohibited from indulging in this bad habit. Total abstinence would make the soldiers strong, healthy and courageous.

"Another intoxicant which is still more harmful is tobacco. The history of the Sikhs, who are religiously forbidden the use of tobacco, furnishes, a very

valuable object lesson in this matter, showing the moral and physical advantages which they possess over their Hindu and Muhammadan brethren. The Sikhs have greater muscular vigour and activity than the other natives of the country. Doctors are also of opinion that tobacco is very injurious, especially to youths under 20 years of age, as it causes great injury to the brain and weakens the digestive system. We see every day young boys, nay even girls, of 6 or 7 years of age, smoking, some of whom perhaps can hardly buy bread to eat. It would be quite a proper thing if the Government, in view of the bad effects produced by the use of tobacco on the rising generation of the country and especially on young students, would make it punishable to sell it to youths under 20 years of age, and also make it punishable for such youths to addict themselves to the vice. In America and some European countries, this matter has received special consideration.

"While congratulating His Excellency the Commander-in-Chief on the workmanlike action of the Zakka Khel expedition, which speaks volumes for the efficiency of our reorganised army, I cannot help expressing the feeling that the Zakka Khels seem not to have been sufficiently punished for their misdeeds. From whatever point of view we look, the settlement does not appear to be quite satisfactory. Our forces could hardly have returned from the expedition, when transfrontier ruffians looted some shop-keepers and bazar people in Peshawar; and this clearly shows that the expedition had not a sufficiently deterrent effect. In the terms of settlement there is nothing to be found about those unfortunate victims who were murdered and robbed by the raiders. The cash which they took away has not been recovered and returned to the owners, nor has the cost of the expedition been recovered from the offending tribes or their allowances stopped. Nor have their leaders been arrested and detained as hostages. We are told that the leading offenders in the recent raids will be duly punished by the tribesmen themselves with the assistance of the Zakka Khels. We all know what the promises of these frontier people mean. The idea of expecting the Zakka Khels to punish their own kith and kin for shooting down a few infidels, a matter which they consider the surest way of gaining Paradise!!! Of course we are not aware of the details of the Government's policy which brought this expedition to a close so suddenly, but I am afraid that a splendid opportunity has been lost to give them a proper lesson. Such occasions afford more fitting opportunities for the training of our troops, than the lifeless annual manœuvres. Now we are told that there are signs of renewed restlessness among the Mahsuds in Waziristan. If the warlike races of India are encouraged to settle down on our frontiers, perhaps in a few years' time we shall hear no more of these frontier raids.

"I do hope that the formation of a large reserve force will receive that attention from Your Excellency which it deserves. While in other parts of the Empire under the British protection measures are contemplated to make it compulsory for every man to have a rifle, it would not be too much to ask for a reserve of one lakh of men, for the protection of the Indian Empire here, as well as the rights of its citizens in other countries.

"My Lord, I should be failing in my duty if I did not draw your attention to the relations between Indians and Europeans which are at the present not at all satisfactory. A great deal depends sometimes on the commission or omission of little things. Men of birth and position, men who are received by His Excellency the Viceroy, are often kept waiting under trees or in the verandahs of officials. The calls of Indian gentlemen are not returned; and yet if, to preserve his self-respect, an Indian ceases to call on English officials, he at once becomes a target of suspicion, and is never given a chance of explanation. Indian gentlemen who have to travel by rail are often subjected to rudeness and great difficulties, nay even sometimes bodily expelled from railway carriages

"It has been said that this idea of equality of treatment is the fruit of English education, but if I may be permitted, I can safely say that to an Indian his *izzat* has been from time immemorial dearer than life itself. There is no doubt that

[*Tikka Sahib of Nabha.*]

title-seekers and placemen even now indulge in insincere flatteries. But it can be safely said that the true well-wishers of the Government are those who speak the truth plainly.

"Then again European officers do not often show due courtesy and politeness either in writing or in conversation to Indian gentlemen. Their ignorance of Indian manners, customs, religions, language and etiquette, which they do not trouble to study, and consider not worth their while to learn, is a growing evil, and goes a long way to make their relations with the people of the country strained. Some Europeans cannot even distinguish an Indian lady's name from a gentleman's. There are also other reasons for the strained relations which now unfortunately exist between the Europeans and Indians. Not many years ago the people had a strong faith in British justice, but some recent events are now talked about everywhere, and people draw their own inferences from them. I shall speak only about recent events in my province. I refer to two cases, which are known as the 'Rawalpindi rape case' and the 'Lahore shooting case.' In the former a European Station officer and his Muhammadan assistant, who were charged with dishonouring a solitary Hindu woman, were acquitted by a European jury. In the second case a European master kicks his native servant and follows him out of the house with a loaded revolver which goes off, the servant is hit in the back and dies after a few hours. A European jury find the shooting to be accidental, and the accused gets only six months' imprisonment. There is a popular feeling that the acquittal in the first case was not according to the evidence, and that the sentence on the accused in the second case was too lenient. Suppose the victims in both these cases had been Europeans and the assailants natives, what would have been the result? Yet my Lord, there is no reason to despair, and I am speaking rather *feelingly* when I assure you that the Indian heart is not at all *cold*. Treat Indians kindly and sympathetically, encourage them and cheer them with friendly words, and you will find them ready to lay down even their lives for you.

"I have dwelt on this aspect of the question at some length, and my plea for doing so is, that I consider it of supreme importance for the well-being both of the Government and the country. I cannot do better than conclude my remarks on this subject, by giving a quotation from the speech of His Royal Highness the Prince of Wales. On his return to England after his Indian tour, in the course of a speech at the Guildhall, he said:—'I cannot help thinking from all I have heard and seen, that the task of governing India will be made the easier, if we on our part infuse into it a wider element of *sympathy*. I will venture to predict that to such sympathy there will be an ever-abundant and genuine *response*.'

"The Right Hon'ble Mr. Morley said last year in the course of his Indian budget speech in Parliament as follows:—

'I have examined a great number of responsible communications from officers of the Indian Government. What do they all come to? In their view it is a mistake even now, in the hour of stress and anxiety, not to look at the situation rather largely. *They all admit that there is a fall in the influence of European officers over the population, and an estrangement or refrigeration between the officers and the people; that there is less sympathy between the Government and the people;* and that for the last few years the doctrine of administrative efficiency has been pressed too far.

'Our administration—so true and complete and experienced observers assure me—would be a great deal more popular if it were a trifle less efficient, a trifle more elastic. This leads up to a practical point. The district officer is over-worked, and is forced into mere official relations. Our danger is the creation in the circle of Indian Government of a pure bureaucracy—probably honourable, industrious and faithful, but very likely rather mechanical, rather lifeless, perhaps even rather soulless. An urgent demand for perfected and efficient administration leads to over-centralisation. *I shall spare no pains to improve relations with the Native Governments. I recognise their potential value as a safety valve. I shall use my best endeavours to make these States independent in matters of administrative establishment. All the evidence seems to show that the Indians are particularly responsive to a sympathetic pressure. Do not let us in mere anger estrange them, but let us try and draw to our side those whom these agitators influence. I believe the mass of the populations of India are on our side.* I do not say for a moment that they like us, but *they know that their whole interests are bound in the law and order which we preserve, and which would be broken and shattered in pieces if we disappeared.*'

[*Tikka Sahib of Nabha.*]

"My Lord, we have received this announcement and assurance with great pleasure and much satisfaction. These words of the Secretary of State have again confirmed the late Queen Victoria's proclamation in which we read :—

'*We hereby announce to the native Princes of India that all treaties and engagements made with them, by or under the authority of the Honourable East India Company, are by us accepted, and will be scrupulously maintained*; and we look for the like observance on their part. We desire no extension of our present territorial possessions, and while we will permit no aggression upon our dominions or our rights to be attempted with impunity, we shall sanction no encroachment on those of others. *We shall respect the rights, dignity and honour of native Princes as our own*, and we desire that they, as well as our own subjects, should enjoy that prosperity and that social advancement which can only be secured by internal peace and good government.'

"The relations between the Government and the States are capable of a great deal of improvement. Nothing would win their hearts more than sympathetic treatment, respecting fully their treaty rights, and giving them *full* independence in matters of internal administration. I would like to suggest one thing more in this connection, namely, that the Indian Princes and Chiefs should be tried, whenever any occasion arises, only by their peers. It will save a great deal of misunderstanding and heart-burning. In England noblemen may be tried by their peers, and there is no reason why the same principle should not be extended to India. We had precedents for this practice in the past, but unfortunately it has been departed from for the last few years.

"We are very grateful, my Lord, for the new reform schemes which are now under the contemplation of the Government, and in this connection I would like to offer a few observations. It is very gratifying that the Government have at last realised the fact that the Indian aristocracy are the true and natural leaders of the people, and therefore proposals are now made to bring them more and more into touch with the administration of the country.

"First, as regards the Imperial Advisory Council, I generally agree with the proposals of the Government of India, but I just wish to make a few remarks regarding it. It is stated that (1) the Governor General will consult the members of the Imperial Advisory Council, either individually or collectively; (2) that they will occasionally be called together either in whole or in part for the purpose of collective deliberation; (3) that they will possess no formal powers of initiative; and (4) that the Imperial and Provincial Advisory Councils will receive no legislative recognition. Now as regards the first and second points, I beg to say that though His Excellency may have of course full right to consult the members individually, I think it would be much better to call the meetings of the Imperial Advisory Council regularly like the meetings of the Imperial Legislative Council, and that His Excellency the Viceroy should graciously preside over them, just as it is proposed in the case of Provincial Advisory Councils that the head of the Local Government himself will preside over their deliberations. This will involve extra trouble, but the object is worth the trouble and inconvenience. I fully agree with the statement that 'the Government of India attach the highest importance to collective deliberation, since the opinions thus obtained are different from and frequently more valuable than those elicited by individual consultation.' And at least for this reason, it seems necessary that meetings of the Imperial and Provincial Advisory Councils should be called regularly.

"As regards the third point I beg to suggest that both the Imperial and the Provincial Advisory Councils should have the power of informally submitting their proposals and opinions to the Supreme and the Local Governments, respectively, as the case may be, on questions of important public interest which may from time to time arise, *i.e.*, even on those matters about which they have not been formally consulted.

"As regards the fourth point, these Councils should in my opinion receive some sort of legislative recognition, and should be trusted with some sor of formal work and responsibility; for, unless this is done, I am afraid, though they might remain as ornaments to the Supreme and the Local Governments, they would be of little or no real use to the public and the Government, and after

[*Tikka Sahib of Nabha.*]

some time the whole scheme might fall through, and the object for which the Councils are now constituted would not be attained. Besides it would be highly politic I think to give publicity to the fact that the Government is consulting the people's representatives on the Advisory Councils, and this object, I am afraid, will be defeated if the said Councils do not often formally meet for discussion of, and deliberation on, important public affairs, if their proceedings are always confidential and informal, and if they have no powers of initiative. Proper weight should always be given to the opinions of these Advisory Councils on the questions referred to them, or which they might submit on their own account, because it would look rather ridiculous if their opinions were treated with contempt.

"Coming to the proposals regarding the Imperial Legislative Council, in my humble opinion it would be most unfortunate and undesirable to introduce any *racial* feeling in this matter or to give any sort of prominence to any particular community. This would cause great heart-burning among other communities. Under paragraph 12 of the Government of India's letter I strongly object to the proposal that in the Viceroy's Council two members should be elected by the members of a certain community, and that out of four non-officials to be nominated by the Viceroy, two seats at least should be filled by members of the same class. Thus four seats will be the exclusive monopoly of a certain community, while no such provision is made for other communities like Hindus, Parsis, Jains and Sikhs. The reason given by the Government for this proposal is that the Muhammadans form a minority and that their interests must be safeguarded. Now as far as minority is concerned the Parsis and Sikhs form even a smaller minority numerically than the Muhammadans, and yet no provision is made for their representation. No other community in India can be found more educated, more enlightened and more advanced than the Parsis. The Sikhs, though still backward in the matter of education, have always proved themselves firm supporters of Government, are not men of words but of deeds, have fought the battles of their King, as well under the burning rays of the sun as on snow-clad mountains, and are always ready to lay down their lives for their beloved Emperor. When no provision is made for other communities, it does not seem at all fair to favour a particular community by giving it special privileges. The same reasons apply to paragraph 17 of the Government of India's letter as to the proposal that a certain number of seats should be exclusively reserved for and filled by members of a particular community in the Provincial Legislative Councils.

"The Government of India in paragraph 19 itself admits that as in two of the seven provinces with Legislative Councils the followers of Islam constitute a majority, therefore a certain number of Muhammadans may also be returned to the Imperial Council under sub-head (*b*) of head D. I apprehend that perhaps they have overlooked the fact that in the same way under sub-head (*c*) of head D a certain number of Muhammadans are bound to be returned to the Imperial Council. Therefore, if the proposals as they now stand are finally sanctioned, there will be a great preponderance of Muhammadans in the Imperial Council, and perhaps at times this number might be as much as three-fourths of the whole non-official Indian members. Under the present arrangement only two seats will be available, under head E of the circular letter, for nomination by His Excellency the Viceroy for all other communities, a number which is all too small for such a vast country as India. Therefore I submit that under head D, sub-head (*d*), and under head E, all six seats should be reserved for nomination by the Viceroy, without any distinction as provided for in the letter. The Government of India in the concluding portion of paragraph 17 itself admits that Indian gentlemen of position sometimes refuse to offer themselves as candidates to an electorate, and at least for this reason, as I have suggested above, the six seats should be reserved for nomination by His Excellency the Viceroy.

"My Lord, it is very pleasing to note that some far-reaching changes are proposed to be introduced in the form of discussion on the budget in the Legislative Councils. In future more time will be allowed to the discussion than is at

[*Tikka Sahib of Nabha; Mr. Sim; Mr. Reynolds.*]

present allotted, and this will afford an opportunity for a more systematic and exhaustive criticism. At present a member is naturally compelled to condense in the limit of a single speech all the remarks which he has to make on numerous subjects in an annual review of the administration of India; and this gives to the budget debate a discursive and unfruitful character. Therefore let us hope that the changes which are now sought to be introduced by the Government will make the debates less unreal, and will bring them into closer relations with the financial policy and administrative decisions of the Government."

The Hon'ble MR. SIM said:—"My Lord, on previous occasions I have had to thank the Finance Member for measures that have benefited Madras: I have now the pleasure of thanking him again. Last year he promised Madras a revision of its *Provincial Settlement* on his latest and most liberal lines. This promise he has fulfilled and, instead therefore of a fixed assignment, which, however liberal at the outset, must sooner or later have proved insufficient for our growing needs, we shall now have an income based entirely on growing revenues. The change is a very necessary one in a *quasi*-permanent settlement, and I am specially commissioned to express the thanks of the Madras Government for it.

"I am also to express their satisfaction with the arrangement which the Financial Department has recently sanctioned (in its letter No. 358A, dated 18th January, 1908). Under this, the *lump deductions*, which that Department makes in Provincial Budget Estimates, may now be taken as corrections rather than as reductions, and Local Governments are left free to redistribute them during the year as the actual expenditure of the year may require. So liberal a departure from traditional usage has been much appreciated, and we may perhaps hope that the same principle, of freedom within bounds, may be extended so as to empower Local Governments to make *additional allotments* during the course of the year from their Provincial balances, within a similarly specified aggregate total.

"The Financial Statement (paragraph 128) mentions savings due to the delay in sanctioning what we, in Madras, know as *Mr. Meyer's Scheme* for the re-distribution of districts and divisional charges. My Lord, such savings are to be regretted, and I would ask for early orders on this scheme. I am aware that it is, at this moment, back again with the Government of Madras, for further consideration on certain points; but it will be soon returned, and I would ask that very early sanction may then be accorded to it. We have waited long for it, and it is much needed—more so now than ever, now that decentralisation is in the air, for it seems hardly wise to grant increased powers to men, unless time and opportunity to use those powers properly are also granted to them.

"The return of famine emphasises the need for *Protective irrigation*, and I would note with satisfaction the recent progress in that direction, which the Hon'ble Member records. It is true, as was quite fairly pointed out last year, that such works are costly; but famine, which, as the Hon'ble Member tells us (in paragraph 6), may in a single season, in money alone, cost the State 10 crores of rupees, is evidently costlier.

"In the presence of such a calamity all minor requests for money are silenced: we can but congratulate Your Excellency's Government on the success, financial and administrative, with which it has been met, and on the fact that in spite of it the Hon'ble Mr. Baker has been able by his grant for *Sanitation* to still continue the series of improvements which have marked his years of office. His change in the presentation of Local, Marine and Interest charges similarly continues his simplification of the *Public Accounts*, which, as correct Accounting implies correct Budgetting, will be welcomed as more than merely clerical alteration."

The Hon'ble MR. REYNOLDS said:—"My Lord, when I spoke this time last year we, in the United Provinces, were suffering from one of the worst

[*Mr. Reynolds.*]

outbreaks of plague that we had as yet experienced. The deaths, which in January had been over 20,000, rose rapidly till in the month of April over a lakh of people died in the Provinces from this disease alone.

"The total mortality in the year 1907 was 328,862, a figure which has only once before (in 1905) been exceeded.

"It was resolved that before the seasonal increase set in, energetic and systematic efforts should be made to endeavour as far as possible to reduce the havoc wrought by the disease.

"A special staff has been employed for providing the people with the opportunity of obtaining inoculation, and in each of the eight principal cities of the Province a medical officer and one from the Indian Army have been appointed to supervise measures for promoting cleanliness and to supervise the operations against plague. For these purposes the grant of 5 lakhs now made by the Imperial Government for expenditure on sanitary improvements, with special reference to the prevention of plague, will prove a most material aid, and I have to express our gratitude for the assistance. Steps were also taken to help the very poor in case they had to evacuate their houses, and to give them compensation if they could not afford to remain idle while under the temporary fever produced by inoculation, and the Inspector General of Police further took steps to guard the houses and property of those who might have to leave their dwellings when plague broke out.

"Perhaps, however, the most important step taken was to familiarise the people generally with the idea of inoculation as a protective measure.

"A whole-time officer was appointed who toured about the country during the rains, explaining the advantages of inoculation and showing how the serum was prepared and used, and translations of His Majesty's gracious letter with Your Excellency's letter forwarding it to the Lieutenant-Governor were made and circulated widely through the Provinces with the very best effects.

"Since the establishment of the special service the number of inoculations performed by their agency has amounted to 39,062 up to the end of February and the figures now show a steady increase each month. A good deal has thus been done to familiarise people with the idea of inoculation, and we can only hope that when the necessity arises they will be ready to resort freely to this, which is the best safeguard, so far as we at present know.

"As it happens, however, there has not been such a strong demand for inoculation as there might have been, as the rains failed last year, and, as has been noticed before, an unusually dry season following on a virulent outbreak has been followed by a season of comparative immunity from the disease.

"The mortality in the last quarter of 1907 was 3,531 only as against 15,998 in the corresponding period of 1906, and for the first two months of this year the deaths have been 7,002 as against 57,886 last year.

"While however the failure of the last rains has probably contributed in no small degree to this result, it has been the cause of the famine from which we are now suffering, and it is this which at present demands our most serious attention.

"The rains did not set in till past the middle of July, nearly a month late, and they ceased before the end of August. Even so they fell in very partial and scattered storms. At my own house for instance at Meerut but one good shower fell during the whole rains while a few hundred yards away they had four such showers. At the same time I was receiving letters from a place only 200 miles away complaining of excessive rain for the time being.

"The late September and early October rains, on which so much depends, entirely failed, with the result that the transplanted rice all dried up, the autumn fodder crops, on which the cattle depend, were also very short, and except on irrigated lands the spring crops could not be sown.

"To meet the impending calamity, very prompt measures were taken. One hundred and fifteen and a half lakhs of Revenue as mentioned by the

[*Mr. Reynolds.*]

Hon'ble Member for Finance have been suspended, and large advances, amounting so far to the sum of 172 lakhs, were made everywhere to enable the people to dig wells and purchase seed and fodder.

"There can be no doubt that these prompt and liberal measures have proved of the most inestimable advantage, and the people were enabled to commence their fight with the scarcity and famine with courage, realising as they did from the commencement that no avoidable effort would be spared by Government in coming to their aid. I have myself seen the partial famine in the Agra Division of two years ago, and the commencement of the present famine; and comparing what I saw in 1896 with my more recent experiences I have no hesitation in saying that there is now a far greater resisting power in the people themselves than there was twelve years ago; but I have equally no hesitation in saying that that resisting power has been considerably helped by the early and liberal aid which has been so readily afforded to the people from the very commencement of their troubles.

"The distress is of course most acute in those districts where rice was the staple crop and in the hilly parts of Bundelkhand, and the adjacent districts of Allahabad and Mirzapur, where irrigation from wells is difficult or impossible, and where everything always depends on a sufficient and timely rainfall.

"Relief works had to be started in parts of the Provinces in the middle of December, and the numbers on relief have rapidly risen at the rate of nearly 200,000 a week till the latest returns I have show that in the middle of this month 1,382,830 persons were being relieved by the State in one way or other out of a total population for the Provinces of approximately 47½ millions. Now that the spring crops are ready the numbers are falling slightly and on March 21st they were 1,335,128.

"In mentioning these figures I must not forget to add that the Maharaja of Balrampur has organised relief measures on his estate at his own expense, and over 28,000 persons are now being supported by him. I have to acknowledge with gratitude his liberality in this matter and to thank him for the noble example he is setting. I have no doubt that other landholders are doing their best, in so far as their circumstances will allow, and the response made to the request for help to supplement the Government measures of relief has already resulted in subscriptions amounting to Rs. 2,65,552 being raised in the Provinces, while we have also to thank the residents of Calcutta and Bengal for the assistance they are affording us in our distress.

"So far as the business today is concerned, however, I am more concerned with the effect of the famine on the finances of our Provinces. Last year the Hon'ble Member for Finance told us of the scheme that Your Excellency's Government had formed to meet such a calamity. I ventured then to express a doubt as to whether the limit of 30 lakhs was sufficient to meet the requirements of a serious famine, and itwas explained that these figures were empirical, and if found in practice to be unsuitable the Government of India would not hesitate to revise them.

"The estimate of famine expenditure in the Provinces to the end of March is 67 and a half lakhs, and for the next year, though the local District officers would put it higher, the Local Government has estimated that the expenditure will not be less than 100 lakhs.

"The famine this year is undoubtedly a serious one, but its effects have been somewhat mitigated by the advances given and the revenue suspended. I do not see therefore how we can at all expect to get through a serious famine under less than a crore and a half for famine relief. Out of this we may have succeeded in accumulating the 30 lakhs, and this would therefore leave the Provinces to find sixty lakhs at the least out of their own resources while the Government of India would provide the remainder.

"Under the scheme we should, in the present instance, have to find probably 72 and a half lakhs, and seeing that we only commenced the year with a balance of 51 and a half lakhs to our credit the result on our finances is obvious.

[*Mr. Reynolds*; *Mr. Chitnavis.*]

The Imperial Government has come to our rescue this year with a grant which will enable us to close our accounts with the minimum balance of 20 lakhs to our credit, and promises to come similarly to our rescue next year in order that the debtor and creditor sides of our accounts may at least balance.

"My predecessors and I have pointed out for several years now the really urgent need of our Provinces for further expenditure, and I fear we are beginning to be looked on as absolutely insatiable in our demands.

"The revision of our Provincial Contract has, as the Financial Member promised, formed the subject of discussion during the year, and we have to acknowledge with thanks the very liberal manner in which Your Excellency has endeavoured to meet our wishes, and we hope that the Secretary of State will deem fit to ratify the provisional arrangement that has been come to.

"The new arrangement will enable us to meet some of our more pressing wants, which as I pointed out last year include more funds for public works, education, and hospitals. Municipalities are also in urgent need of assistance in some form or other. To these I may add that if we are to make any headway against disease the sanitation of the smaller towns now requires further money from some source.

"I recognise that this not a time to press our wants, and I have to acknowledge with gratitude the very generous way in which we have been treated this year; but when the opportunity does come I trust that it will not be forgotten that we still have a lot of ground to make up that we lost in times past, owing to what we now see was the mistaken policy followed in the early days of Provincial finance.

"This is the more difficult to accomplish as in point of population we are the second largest province in India. The density of the population too is higher in Oudh than in any other part, while that of the Agra Province very closely approximates to that in Bengal.

"Of the 61 larger cities in India no less than 17 are within our boundaries, and out of the 22 cities with a population of 100,000 and over we have no fewer than 7.

"Now taking as a typical example our expenditure on education, I see that in the year ended March 31st, 1907, we spent Rs. 43,27,257 and only in Bombay and Bengal was a larger sum spent. But as compared with population I find that Bombay spent Rs. 252 per thousand, Burma 209, the Central Provinces Rs. 139, while we come last but one on the list, with an expenditure of only Rs. 91 per thousand.

"The history of each year shows clearly the ever-growing interest taken in the spread of education in the United Provinces, and there is no doubt that no subject comes before the District Boards in which the members take a keener interest.

"My Government had hoped to be able to take over the control of English education at head-quarters of districts as a Provincial charge at a cost of a little over 4 lakhs, and the local funds thus set free would have been available for further expenditure on primary education. In the course of the year a Committee met to consider the question of the improvement of technical education, and their recommendations, which promise much advantage to the Provinces in the early future, will also require funds if they are to be acted on.

"At present our finances are crippled by the large expenditure required for famine relief, and though the Government of India is coming to our aid in a very substantial manner, and the United Provinces Government has been enabled to make a start towards the fulfilment of these schemes, I fear that many of our much-needed improvements will now have to wait for some considerable time before we shall be able to see our way to make even a fair commencement of them, if we have only our own resources to look to."

The Hon'ble MR. CHITNAVIS said:—"My Lord, the present Financial Statement is overshadowed by Famine, and the Hon'ble Finance Member is

[*Mr. Chitnavis.*]

entitled to credit for having made an ample provision for the calamity at the same time that he expects to close next year's accounts with the substantial surplus of £571,500 or Rs. 85,72,500. In addition to the actual extraordinary expenditure on account of Famine, large suspensions and remissions of revenue are allowed. We all sincerely hope and trust that the provisions thus made will be sufficient to meet the difficulty. But, my Lord, the occasion demands a searching investigation into the whole subject of Famine. The people gratefully acknowledge the Government's solicitude for the prevention of loss of life from starvation; nevertheless, it may be doubted if everything has been done to remove the root-cause of the evil. My Lord, with all the perfection of the Famine Administration, the broad fact of the frequent recurrence of Famine in this unhappy land requires careful and earnest consideration. The necessity for making large suspensions and remissions of revenue even on the appearance of a Famine which, according to the Hon'ble Finance Member, is a tame affair compared to the past Famines, warrants the inference, as pointed out by me on previous occasions, that that revenue is assessed at its highest limit, which does not leave much margin to the farmer. As a matter of fact, my Lord, in the Central Provinces an unusually large proportion of the gross collection is taken by Government in revenue and cesses. This rack-renting makes the land-holding classes hopelessly dependent upon the seasons for sustenance, and prevents accumulation of capital for remunerative employment in the industries.

"The argument, my Lord, is not new that an agricultural country like India must be more or less affected by famines. It may be doubted, to put it mildly, if famine is so necessary a concomitant of an agricultural country; but conceding for argument's sake that the proposition is sound, an enlightened Government has a serious responsibility. Manufacturing industry, as must be evident, makes the people prosperous and independent of seasonal vagaries. The absence from the present Famine of the painful conditions usually associated with Indian Famines, which is noticed with such satisfaction by the Hon'ble Finance Member, will on careful examination be found to be due to a large extent to the growth of Indian manufactures, and the consequential rise in wages. Operatives are now better off than before, and manage somehow to struggle on in spite of high prices. In these circumstances it is the incumbent duty of the Government to foster and encourage industries in the country, not only to relieve the pressure upon land, but to give employment to the unemployed, and to increase the staying power of the people. My Lord, with all the benevolent intentions of Government, much unfortunately has not been done by it in this line. All the manufacturing countries of the world have passed through a stage when protection was found necessary, advisable and exigent. England has not attained her present industrial development without years of artificial help of this nature. Some of the European countries and Japan, with all their advancement, even now support their industries with bounties. But, not to speak of bounties, which, if given, would be money well spent, the Indian industries, though in their infancy, are absolutely unprotected. When a few years ago Government felt itself constrained by financial reasons to impose a small import duty, a countervailing excise duty was also imposed, albeit it was not wanted by the Finance Minister, and the cotton goods upon which it was imposed did not enter into competition with Manchester goods. The result has been regrettable. The impost has done Manchester precious little good, but it has seriously handicapped the Indian manufacturer in his competition with manufacturers of countries like Japan which support indigenous industries with bounties. Only the other day the Bomanji Petit Mills of Bombay had to close their Hosiery department for this artificial advantage which Japan enjoyed and the artificial disadvantage which the excise duty upon cotton goods imposed upon Indian manufactures.

"The Indian railways, notwithstanding difference of opinion about the propriety of State ownership, are a State concern. Government is spending millions of pounds sterling year after year upon them. The department is well cared for even in this year of Famine, but the freight charged upon goods is distinctly disadvantageous to Indian manufacturers, so much

so that distant countries like Japan and Germany can place their manufactures on the market on the seaboard at a far less cost than the Indian manufacturer working in the interior. This clog to Indian Industry was the subject of complaint in Dewan Bahadur Ambalal Sakarlal's Presidential Address at the last Industrial Conference at Surat. He observed that 'it costs nearly Rs. 15 per bale of yarn or cloth sent from Ahmedabad to Cawnpore or Calcutta, while it can be sent to the latter place by rail and sea combined for nearly half that sum.' Mr. A. C. Chatterji, I.C.S., of the United Provinces, was likewise explicit:

'One of the most interesting and difficult questions that have cropped up in connection with my inquiries in the United Provinces is that relating to railway freights. Many of the existing industries complain that it is hopeless for them to find a market for their produce in the large towns on the seaboard, because railway freight even at the lowest rate over long distances in the country is higher than sea freight from competing countries like Japan and Germany.'

"It is difficult to believe that a satisfactory re-adjustment of rates is impossible through Government influence.

"In the Appropriation Report on the Accounts for 1906-1907, the increased supply of beet sugar from Germany and the unprecedented imports of cane sugar from Java have been made the subject of comment. If these imports go on unchecked, there will be small chance for the Indian sugar manufacturer. Barring the enactment of the Indian Sugar Duty Act of 1899, this Government has not done anything to stop the swamping of the Indian market by foreign sugar.

"The Hon'ble Finance Member has taken care to inform us that the Commonwealth of Australia has recently 'imposed a duty of £1 per ton on salt *imported from outside the Colony*.' This impost is obviously due to the anxiety of the Commonwealth for the development of its own salt industry. The adoption of such protective import tariff is perfectly justifiable in Australia, and *à fortiori* would be justifiable in India; but we find instead a heavy excise duty levied upon salt manufactured in India. Indeed, the income from that source in 1906-1907 was far larger than from the import duty on salt, *viz.*, Rs. 4,21,69,000 against Rs. 1,93,21,000.

"My Lord, the most carefully-devised protective tariff would of itself be powerless to do much for industrial development, and small hope of industrial success can be entertained without the initiation of a comprehensive system of Technical Education; but that remains a desideratum. I note with gratitude the creation this year of a few more Technical Scholarships tenable in foreign countries on the lines suggested by me last year. I hope the scope of the Scholarships will be further enlarged, and their number increased; but such Scholarships alone cannot train a nation. I respectfully point out again that well-organised Technical Institutes at important centres are urgently required in the country.

"My Lord, the public of India expect that the Government will rise equal to the occasion, and adopt vigorous measures for the protection, encouragement and expansion of the existing indigenous industries, as also for the introduction of new industries, if only to insure the country against a possible famine. And the prayer is not extravagant that Government should, for its own interests as much as for the relief of the landholding classes, limit its demand upon land to a more moderate figure, so as to allow ample provision against contingencies.

"High prices, my Lord, are another very disquieting factor. They have affected the Hon'ble Finance Member's calculations. The cost of maintenance of the Army has increased in consequence. The alarming feature of the rise consists in the fact of its apprehended continuance. It behoves Government to inquire fully into the causes, and to take steps for the removal of such of them as may be capable of administrative treatment. And it will be well to have a Joint Committee of Inquiry of officials and non-officials, and for which I am glad to note that my friend Mr. Gokhale has today pleaded so powerfully.

[*Mr. Chitnavis.*]

"My Lord, despite of the Hon'ble Finance Member's remark that Government is in no position to undertake any measures for the remission of taxation, I respectfully submit that, in view of the substantial surplus expected in 1908-1909, the excise duty on cotton goods could be easily abolished. It is not a very productive source of revenue; the maximum income from it has been Rs. 32½ lakhs. The budgeted surplus more than covers it twice over. The abolition of the duty ought to engage the serious attention of Government.

"Although the question of the abolition of the remaining salt-duty of Re. 1 per maund cannot be profitably discussed this year, the Hon'ble Finance Member has been at some pains to prove that the duty is the lowest charged by any Government, and he has quoted figures for some of the leading European countries. The table given shews that the tax is 2½*d.* per head of population in India against 8*d.* in England, 11 *d.* in Germany, 2*s.* in Italy, 1*s.* 2*d.* in Austria-Hungary, and 6*d.* in the Netherlands. But the heaviness or otherwise of a tax has to be considered in the light of the capacity of the people to bear it; and any comparison with imposts of other countries which does not take into consideration the different incomes per head of population must be fallacious. The question is,—Has the penny the same value to the Englishman or to the German as it has to the Indian; in other words, is the purchasing power of the coin the same in the European countries named as it is in India? My Hon'ble friend Mr. Gokhale has just shewn it is not. That being the position, the table will be found unconvincing. There would not, however, be much objection to allow the import-duty to stand, provided the excise-duty upon local manufacture is abolished or considerably reduced.

"My Lord, the Hon'ble Finance Member justly observes that 'the occasion is one for rigid economy and retrenchment wherever it can be effected,' but this golden rule seems to have been overlooked in providing for the Military Expenditure, the Capital Expenditure on Railways, and the Civil Department Charges. The Military Expenditure during 1907-1908 is expected to be somewhat less than the budget of last year, but the reduction will not be due to the enforcement of economy. It is accidental. The department clearly could not consume what was given. Next year too the budget stands at the high figure of £20,754,400 against the Revised Estimate of £20,520,500 for 1907-1908! After the Anglo-Russian Agreement, India expected she would be relieved of at least a portion of the heavy annual burden. The subject ought to engage the earnest attention of Government.

"The most disquieting news about this Military Expenditure is that the Government is ignorant of the possibilities of the recommendations of the Romer Committee. It is alarming from its very vagueness. The Indian public contemplate the possibility of an addition to the already heavy burdens on account of the Army and the Military Defences with the gravest apprehension; and if the contingency happens, it will be extremely difficult for the Government to remove the popular impression that larger burdens are from time to time thrown on the shoulders of helpless India by the British Government for its own convenience and financial relief.

"It remains to be seen how far the creation of a Controllership for the whole of India will help in the reduction of Military Expenditure. The cost, which, with the expansion with time of the Office, is bound to be heavy, will be a net addition to the total expenditure. The compensating advantage will have to be proved.

"The Government is once again liberal in the matter of Railways. Ten million pounds sterling are provided for Capital Expenditure in 1908-1909! And yet the returns are admittedly not commensurate with expectations, and the increase in working expenses has been serious enough to alarm the Hon'ble Finance Member. The utilisation of the surplus and the cash balances in the construction of railways is open to objection on principle. In the opinion of many, surpluses should in the first instance be used in reduction of taxation. If it is now decided to spend a large sum of money on Railways, I think it will be well to allocate a sufficient amount for the Itarsi-Nagpur Railway as a famine project. Money so spent should be strictly limited to areas affected by famine.

[*Mr. Chitnavis.*]

"The Civil Departments, my Lord, in common with the Military Department, shew a tendency to extravagance. The charges are increasing all round, and their future is unknown. What with regular increase of pay, early retirement, tour charges, sumptuary allowances, etc., the total cost in the Civil Departments is growing enormously. And this notwithstanding the fact that the Administration is now in the majority of local areas a matter almost of routine. There is a deal to be said for retrenchment and reduction, and hardly much for the multiplication of offices. High offices are being multiplied which cost the country a very large amount. Their number should be the subject of the closest scrutiny. Surely the time has come when the jurisdiction of Collectors can be safely enlarged. At any rate, without going into details, the subject is sufficiently serious to justify an appeal to Your Excellency for an investigation into the possibilities of retrenchment in the Civil Departments. Superannuation at age 60 instead of at 55 is likely to afford appreciable relief to Government.

"My Lord, one word about the grant for Irrigation. The progress made in irrigation as a whole is satisfactory, but I beg to point out that the Central Provinces have not had their legitimate share. The recommendation of the Irrigation Commission has not been given effect to, and the scheme of a total expenditure for the irrigation of the Provinces of three crores of rupees in twenty years, at the rate of 15 lakhs of rupees a year, should be faithfully worked. There is an impression in certain quarters that irrigation does not pay in the Central Provinces, and that the water-rate of Rs. 2 per acre cannot be realised. I do not think it will be difficult to realise a moderate rate from people who, though poor, cannot do without irrigation works. But even if the full rate is not recovered, and the works do not prove *productive*, they should be executed as *protective* works. The Hon'ble the Chief Commissioner, speaking at Raipur the other day, referred to two schemes which have been submitted for sanction to this Government. I sincerely hope they will be sanctioned and the recommendation of the Irrigation Commission will be loyally carried out.

"My Lord, the new departure made by the Government of India in the matter of sanitary improvement must be hailed with joy all over the country. It marks a wholesome change of policy which is pregnant with great possibilities. The recognition of its responsibility in the matter by the Imperial Government is a happy omen. The grant of 30 lakhs of rupees is too small, to be sure, having regard to the needs of the country; but once the principle is recognised, there is a reasonable hope for expansiveness in the allotment in time. I feel grateful that the suggestion I made last year on this point has received a considerate treatment at the hands of Government.

"My Lord, the bulk of my remarks today refer to the industrial development of India, and for the best of reasons. To my mind, that is the most important and exigent problem now before the Government. We hear a good deal of unrest, but, in my opinion, whatever restlessness there may be in the country is economic in origin. I do not mean to suggest that contributary political and social causes are absent; there are, as a matter of fact, powerful political and social causes at work; but the chief cause of discontent appears to me to be *want*. My Lord, no class of the people is free from the baneful and irritating influence of this all-pervading evil, which is, to a large extent at least, the effect of a civilisation unsuited to the habits, temperament and peculiar circumstances of the country. With the gradual working of the disruptive laws of succession and the break-up of the joint family system, most of the ancient families are ruined, notwithstanding the paternal care of the Courts of Wards; with the limitations upon their authority, the landholding classes have lost their capacity, prestige and power; increased competition for career has reduced the prospects of the respectable classes who have for centuries supported themselves by service, while the progress of an attractive material civilisation has instilled into them high ideas of ease and enjoyment, and placed these beyond their reach by their costliness; and the lower classes, although in receipt of higher wages at places, have lost

[*Mr. Chitnavis; Munshi Madho Lal.*]

the pristine simplicity of rural life, and, with their habitual want of forethought, have become spoilt by the example of the higher classes, and been drawn into reckless and ruinous expenditure. The high prices, for which free international trade is to some extent responsible, have affected the whole nation; it is the same cry everywhere; it is want and struggle for existence. So long as this want remains, the result is not only distress and disease, but also discontent and a desire for change. This is the problem therefore that the Government ought to apply itself to with all the philanthropy, enlightened self-interest, and statesmanship which have characterised its action in the past. Do what you might, Your Excellency will leave the germ undestroyed unless this want is removed. And this can be best done by the expansion of the manufacturing industry of the country along with the adoption of subsidiary measures for affording relief to the community, agricultural and non-agricultural. The prosperous condition of the mill operatives in the large manufacturing centres proves this. The industrial development of India claims therefore serious consideration. I do not doubt the intentions of Government. The measures taken from time to time for the promotion of the education of the people in Technology and Economics demonstrate forcibly the sympathy and the earnestness of the Government in this matter. The announcement at the last Convocation of the Calcutta University of the creation of a Chair in Economics affords one more proof of the keen interest Your Excellency takes in the subject. But, while I cordially acknowledge all that Government has done to encourage Indian industry, as an humble representative of the people it is my duty to press the matter upon its attention, and to appeal to Your Excellency for a more thorough, vigorous and liberal treatment of the subject.

"Plague and other epidemic diseases have also taxed the patience of the people, but Government has wisely taken a new departure in the treatment of this evil.

"The natural yearnings of the people for political advancement is the most important of the contributary causes of discontent, and I am glad this aspect of the question is receiving sympathetic consideration at the hands of Government. But there is one other matter to which Your Excellency's attention must be invited: the Administration, besides being costly, is too complex, exotic and unimaginative. There is a bewildering growth of institutions, departments, and redtapism, enough to give a rude shock to the easy Oriental nature. Changes are sudden and appear in quick succession. All the conventional ideas of the people have been displaced; even the framework of society has been rudely shaken. The natural leaders have lost their prestige, and with it their influence. With loss of position the landlord has ceased to command respect, and is powerless to give legitimate direction to the thoughts and activities of the masses. With a feeling of amazement at the complexity and rigidity of the Administration and the changes happening all round, the people suspect, wrongly I am sure, Government is unmindful of their interests and slow to redress their grievances. And this feeling, made capital of by irresponsible agitators, is at the root of much of the present discontent, which is accentuated by an annoyance and impatience at taxation in general, and direct taxation, like rates, etc.,—unfortunately a growing item—in particular. When the Government has combated the economic evil and epidemics, has simplified the Administration and rendered it less costly and more studious of the public wishes and aspirations, much will have been done to ensure the permanence of British rule in India, and to fix it firm and broadbased upon the affections of a contented and loyal nation."

The Hon'ble MUNSHI MADHO LAL said:—"Your Excellency, the criticisms that have just been offered by Hon'ble Members have been so able and exhaustive that it will not be right for me to take up much time of this Hon'ble Council. I shall try to be very brief in my observations. Last year both the Hon'ble Mr. Reynolds and myself had to complain of the parsimonious

[*Munshi Madho Lal.*]

way in which the United Provinces had been treated financially. This year I am glad to be able to thank the Government of India for its generous treatment. The Finance Minister has been able to make some substantial contributions. It is patent from the clear and concise memorandum of the Financial Secretary which accompanies the lucid statement of the Finance Minister that although it has not been possible to set apart much money, owing to the eccentricity of the season, for public improvements, the Government of India has generously dealt with our United Provinces, which are most depressed, with regard to the allotment of funds for famine relief, sanitary improvements and police reforms. It has already extended its support to the Local Government's scheme of industrial progress with which Sir John Hewett's Government has identified itself.

"Although my Hon'ble colleague, Mr. Baker, has not this year been so lucky as he had been in the past, he has laid on the Council table a hopeful financial statement for which he deserves our congratulations. The accounts of 1906-07 closed with a surplus of £1,589,300, being £263,200 above the revised estimates. But the famine of 1907 completely altered the situation, and in the revised estimates of 1907-08, there was a falling off of revenue accompanied by the restriction of useful and even necessary expenditure and a marked shrinkage of the surplus balance that was expected. The Budget Estimates of 1907-08 provided for a revenue of £72,753,000. The Revised Estimates showed only a revenue of £70,989,200. The public expenditure had to be reduced from £71,725,000 to £70,753,000, and the expected surplus at the end of the year dwindled from £774,000 to £235,000. For the year 1908-09, the revenue has been estimated at £73,438,900, the total expenditure at £72,867,400, and the surplus at £571,500. This surplus the Finance Member is sanguine enough, thanks to his robust optimism, to calculate on the assumption that the season will be normal. In the existing circumstances I can quite understand why it is not in the power of Government to undertake anything in the way of remission of taxation or do very much towards increasing useful expenditure for the development of the country. I trust, however, that the promised experiment of that much-needed though long-deferred reform of the separation of the Judicial and the Executive will no longer be put off.

"The Hon'ble Mr. Baker believes that if the monsoon be normal there is every reason to hope that the progress of the country will resume its usual course, and that the set back which it has met with in the present year will rapidly be made good. Little did we anticipate last year that the present year would be so unfortunately eventful and that the country would once more be in the grip of famine which will cover an area of 118,000 square miles in British India and 15,000 square miles in the States of Central India and affect a population about 49 millions. And it is not the agricultural population alone that has been affected by the famine, but as is admitted by the Finance Minister 'the distress caused by high prices has undoubtedly affected all classes and has pressed with great severity on the urban populations and on all who are dependent on small fixed incomes.'

"Here the reflection forces itself upon us, what if the crops fail again, by the uncertainty of the monsoon? A writer in a Calcutta newspaper, a few days ago, showed that while in the first half of the last century there were seven famines, during the succeeding *quarter* of the century there were no less than six, while in the last *quarter* there were as many as nineteen. Whether these figures be quite accurate or not, there can be little doubt that of late the famine has proved itself to be a pretty frequent visitor, and that within the last forty years prices of food-grains have nearly quadrupled, that the daily increasing dearness of living has caused a marked decrease in the powers of resistance and recuperation of the masses. The recurrence of famine in rapid succession, the tenacity with which the plague has held on, the decimation of

[*Munshi Madho Lal.*]

large numbers of people from small-pox, fever and other preventible diseases, tend to make one sceptic of the value of paper calculations. When disease cripples and death depopulates a country, how can its revenue be ensured? In the words of Aristotle to Alexander, 'thou knowest already that the people are thy treasury which thou must carefully preserve and replenish, for thereby thy kingdom is established.'

"It is not due to famine alone that our resources have been crippled. The Plague has come to stay. Then again hundreds, nay thousands, die every year from Dysentery, Diarrhœa, Fever, Small-pox and Cholera—diseases which science can combat with and even prevent by improving the sanitation of the country as also the general physical condition of the people rendering them less susceptible to their ravages. To say that the sanitary condition of the country is capable of very great improvement is repeating a truism. It is unnecessary for me here to quote figures in support of my contention. In my own provinces the mortality from preventible diseases has of late been enormous. In Bengal, where the country all round is water-logged and the drinking water in most places is simply filthy, the wonder to me is how people live and not why they die. The Budget Estimate no doubt provides for a special assignment of 30 lakhs to Local Governments for sanitation, out of which the United Provinces have been lucky enough to get the largest share, *viz.*, 5 lakhs. In this connection I again beg to press upon the attention of the Government the claims of the Benares Drainage Works, regarding which I spoke before this Council last year.

"My Lord, by far the heaviest item of expenditure is under the head of military charges, the total of which has been budgeted at—

£

20,754, 400 for 1908-1909 as against
20,520, 500 for 1907-1908,
21,586, 086 for 1906-1907,
21,059, 411 for 1905-1906,
21,906, 377 for 1904-1905.

"I am too old-fashioned to ignore the ordinance of our great Law-giver, Manu, who says 'By a king, whose forces are always ready for action, the whole world may be kept in awe; let him then, by a force always ready, make all creatures living his own.' We want a force well-manned and well-equipped, in order to hold our own against all-comers. And in this matter expert advice is of very great value. We are lucky in having in our midst one of the greatest military experts of the day. But there is an obvious danger in letting the military have a free rein. In the words of Sir Robert Peel—'If you adopt the opinion of military men, naturally anxious for the complete security of every available point, naturally anxious to throw upon you the whole responsibility for the loss, in the event of war suddenly breaking out, of some of our valuable possessions—you would overwhelm this country with taxes in time of peace.' His Excellency the Commander-in-Chief is, I am glad to note, anxious to secure efficiency with economy in all his attempts at reorganisation of the Indian Army. The only question which will demand before long the serious consideration of Your Excellency's Government is whether under the present political conditions it will not be possible to reduce the strength of the Indian Army, consistently with order and good government, the more so in view of the remark recently made by the Secretary of State for War.

"For, after all, the security of the Government, as every schoolboy knows, lies not only in the strength of its Army, but also in the contentment of the People. To quote again from one of Aristotle's letters to Alexander—'Know that thou cans't not reign over persons and govern their hearts but by means of justice and righteousness.' Or as Jeremy Bentham said—'If you would gain mankind, the best way is to appear to love them, and the best way of appearing to love them is to love them in reality.' Of late we have been

hearing much of 'sympathy between the rulers and the ruled'; and attempts are being made in high quarters, I am glad to bear testimony, to foster friendly feelings amongst Indians and Europeans. But the spirit of sympathy and good understanding has yet to permeate through all the grades of officialdom before the widening gulf between the governors and the governed can be bridged over. Just as the members of the ruling race need great tact and sympathy in their dealings with the people, my countrymen also should, I think, have less impatience and more tolerance in criticising public men and measures, and try to take a more charitable view of Governmental actions. There is such a thing as winning hatred by love, and suspicion by confidence. No sane man objects to any legitimate means of advancing home industries or of developing the resources of the country. But in doing so let no bitterness possess us; let us work within the law, with faith in our cause, cheerful in the hope of its ultimate success; and then we cannot but enlist the sympathy and co-operation of all right-thinking men.

"My Lord, we have it on the highest authority that sympathy is the keynote of the British administration in India. Of kindly professions and good intentions on the part of our rulers there can be no doubt. But what the country wants, in the midst of the new ideals born of Western education and modern enlightenment, is some *practical steps in advance* in the administration of the country. The Indians are a most peaceful and law-abiding people in the world, and to secure their goodwill and allegiance is not very difficult. True, want of education is sometimes a stumbling-block in the way of their proper appreciation of some Government measures. But they are generally fairly shrewd observers of men, and much depends upon how the representatives of the Government behave with them. As to the educated community Your Excellency was pleased to observe not long ago that though very small in numbers, compared with the vast mass of the population, they are not a negligible quantity, and I submit that their voices demand earnest and sympathetic attention of the Government. A Government that strives to conciliate and advance its subjects can hardly be accused of weakness. My Lord, the scheme formulated by the Government of India for the expansion of the Legislative Councils and the establishment of Advisory Boards is good in its intention. I hope, however, that to make it a real boon the Government will see its way to modify it materially. As I have already stated my views on the subject in another place I do not consider it necessary to repeat them here. I sincerely hope and trust that Your Excellency's administration will be signalised by the grant of substantial political boons to my countrymen, and that the economic question will find a solution which will be to the advantage of India and England. The mos natural demand of the educated community for a larger share in the administration of their own country is daily growing stronger. Let England discharge its duty by India, of uplifting it once more in the scale of nations, and of making it occupy a worthy place in the Empire.

"My Lord, last year I tried my best to plead before this Hon'ble Council on behalf of Lady Ind. The past year has been unlucky for her. Not only were the Home authorities not moved by my appeal, but even the gods have been unpropitious. And to crown all, her young ones have, in some cases, shown distinct signs of restlessness. My Lord, it is the function of a paternal Government to enforce discipline and to properly train its children; but let me beg the Government that in chastising unruly ones let their ears not be pulled too hard, and let not hardened criminals and hairbrained enthusiasts be dealt with in the same way. Occasional connivance at shortcomings pays in the long run more than constant and stern rigidity. Boys are boys all the world over; and it is not always wise to hound them: though efforts to keep them confined to their legitimate functions should be welcomed by all true well-wishers. I trust that the responsible leaders of public opinion in this country will so guide their countrymen as to win the sympathy and support of a Government which, though foreign, cannot be replaced for a long long time to come by a better one, be it foreign or native. May the Supreme Ruler of the Universe so direct the affairs of the Government of our beloved King-Emperor as to bind in a golden chain of love the hearts of all his Indian subjects to his august throne."

[*Maharaja of Darbhanga.*]

The Hon'ble MAHARAJA OF DARBHANGA said:—"My Lord, considering that the Budget which has been presented to us is a famine one, I think we may congratulate ourselves upon the financial forecast given by the Hon'ble Mr. Baker for the coming year, and be thankful that it is no worse. The Budget neither remits nor increases taxation. There is no heroics of any kind mentioned, and there is the prospect of a fairly good surplus at the end of the financial year. This is a matter for satisfaction.

"I am glad to see that a beginning has been made in the simplification of accounts, in the separation of local from general finance, in the grouping together of the military figures, and, not least, in the classification of public debt. Now that the process of simplification has begun, the department responsible for classifying the various accounts may be induced to continue their good work and give us fresh specimens of their enlightened endeavours when the next occasion comes round.

"I note with pleasure, my Lord, that there has been a decrease in Military expenditure, but surely the time has now come when the Government ought to consider seriously the advisability of materially reducing the burden on the people caused by the upkeep of our huge Military establishment. Let it be done gradually if you will, but now that our North-West frontier is secure from invasion by the Anglo-Russian Agreement, it appears to me that a smaller army than now exists ought to be sufficient to maintain peace within our borders and thus liberate a vast sum of money for more profitable investments in the expansion of railways, irrigation, scientific agriculture, and the exploitation of our Fisheries. My Lord, I put it respectfully to you that Rs. 30 crores per annum is rather too high an insurance premium for the Indian people to pay in a time of peace, and I trust the Government will take this matter into their serious consideration.

"The liberation of a few crores of rupees by means of a lessened Military expenditure would put it in the power of the Government to give an increased development to the railway systems of the country, and to provide for adequate transport facilities, now far short of what they ought to be—for the rapid development of traffic now going on. The present high price of coal has already seriously increased the working expenses of our railways, and is tending to cripple many of our industries whose very existence depends upon getting their necessary fuel at moderate rates. One of the main factors in the present exorbitant prices of coal is doubtless to be found in the great shortage of wagons for transport, coupled in some cases, with the want of efficient management in the quick handling of the rolling-stock for transport purposes only, and in preventing the wagons from becoming mere coal godowns. The throttling of commercial traffic is a very serious one for the country, and I am glad to see that the Railway Board, in their report, are thoroughly alive to the gravity of the situation. The Government have during the last twenty-seven and a half years received twenty-six crores profit from the East Indian Railway alone, and in view of such good results it is mild criticism to say that to keep the lines short of rolling stock is equivalent to something like killing the goose that lays the golden eggs. I am glad to see however that part of the three crores loan is to be expended on railways, and doubtless an adequate addition will be made to the number of wagons required for the increasing traffic.

"Sanitation, my Lord, is a subject of perennial interest to us all, and I notice that Rs. 30 lakhs have been budgetted for allocation amongst the various Provinces on this account, which is so far well. But there is one matter, on which I trust Your Excellency will at this time be able to give us some definite information, and that is regarding the scheme for the Improvement of Calcutta. It is now seventeen years since the Sanitary Commission gave in their report, and today we seem not to be much further forward than we were at that time. That report revealed that there were congested areas in Calcutta reeking in filth and disease, where the number of inhabitants were four times as dense as

in the most congested parts of London, and nothing has yet been done to mend this state of matters. A Calcutta Improvement Scheme has been dangled before our eyes during recent years—a scheme which was to turn our metropolis into the Queen of the East. May I respectfully ask the Government, where is that scheme now? Does it still exist? If so, when is it to come into operation? Perhaps the Government may take us into their confidence and tell us wherein lies the hitch? Is the difficulty one of finance? There are fifty lakhs lying in trust with the Government of Bengal for the scheme, and, as has been suggested before, there is our great monopoly of Jute, a moderate export duty on which would pay for the whole cost of the improvement of our metropolis out of the pockets of our foreign customers, without any burden being felt here at all, or without the chance of hurting the industry in the slightest degree. It is absurd to say that an article which we alone can sell cannot stand a small tax, seeing that the price can range from £13 10*s.* to £26 per ton, the rate it touched during the last year, without any cessation in the demand for the article. I suggest therefore that if financial considerations form the hitch, the remedy may be found in putting a moderate tax on Jute.

"Anyhow it is surely high time this Calcutta Improvement Scheme was launched, for it has now been abundantly proved that all the other experimental measures which have lately been in vogue for checking the ravages of plague, such as disinfection, inoculation, rat-catching and flea-hunting, while these may have had some ameliorating effects, there is nothing that can have any lasting effect in extirpating the scourge of plague and other diseases begotten in filthy conditions, than by rooting them out of their lairs by effective sanitation in such a manner as this Calcutta Improvement Scheme was designed to bring about. I trust therefore that the Government will today be able to give us some authoritative and satisfactory deliverance on this most important subject. Perhaps the Hon'ble Member for the Home Department will forgive me if I remind him that in his speech on the Budget Debate last year he made the distinct promise then that the Calcutta Improvement Scheme would 'soon' come into being.

"The food supplies of the people naturally call for consideration in time of famine, such as a large part of the country is passing through at the present moment. To meet the pressing needs of the starving thousands the Government have been prompt in supplying enough food to keep body and soul together, and the voluntary organisation recently inaugurated will, with the funds placed by the public at their disposal, supplement State aid by giving other alleviating comforts to the suffering people. But after all, while it is good and right to meet famine in these ways when it all too often makes its appearance, it would be better if we did our utmost to bring about conditions which would go far to banish famine altogether from the land. I mean by increasing the food supplies of the people by the greater development of scientific agriculture and by the exploitation of the fisheries in our coastal waters and our inland streams.

7. My Lord, agriculture, as has often been said, is the first and most important interest in India, and the Government, during recent years, have not been slow to recognise the fact, and by the establishment of agricultural colleges here and there, and by the model experimental farms, have made a beginning in tackling the all-important subject. But let us all recognise that it is only a beginning, although a very promising one, that has been made up to the present time. It is good by means of these comparatively few experimental farms to show that with selected seed, proper preparation of the soil, and by the use of the most suitable fertilisers, two blades can be made to grow where only one grew before. It is good also to issue all this most valuable information by the means of reports. But these have little effect on those chiefly concerned, *viz.*, the cultivators themselves, for they seldom see these documents, and the passing visits of itinerating instructors throughout large districts produce very little effect in moving the raiyat out of his old ruts. What is really wanted is that scientific agriculture should be made an indispensable part of the primary

education given in all our schools. Nine-tenths of our population are of the agricultural class, and it is by catching the children of the raiyats at the village schools and by early indoctrinating them there with sound instruction in principles of scientific agriculture, illustrated in a pleasant way by experiments in gardens such as are attached to some of the schools now, that a real living and abiding interest will be taken in this question of all questions for the salvation of our land from the desolations of famine.

"Important as a training in the three R's may be, it is in my opinion more important still that the children destined to be cultivators of the soil should receive a sound agricultural education in our primary schools, if any real progress is to be made towards increasing the productions of the soil so as to give our fast increasing population an adequate supply of food. Money will of course be required to provide for such agricultural education, but I am sure Your Excellency will agree that such money will be well spent, for, like good seed, it will yield a rich harvest in the near future. Probably His Excellency the Commander-in-Chief may be able by future judicious retrenchments in the Military Budget to enable the Government to have money at their disposal for giving this much-needed agricultural education in all the primary schools throughout the country.

"My Lord, the whole question of food-grain supply is one of the most vital and pressing problems which demands solution at our hands. In the course of my remarks on the Budget last year, I made a respectful request that the Government of Your Excellency would be pleased to grant a Commission of Enquiry to examine into the whole subject. In reply the Hon'ble Financial Member of Council said: 'There is no doubt that prices have ruled very high during part of the past year. I have seen it stated in the papers that a Committee has been formed under the presidency of the Hon'ble Maharaja to consider the situation, and, if possible, to devise measures to meet it. If the Maharaja's Committee ("Annarakhini Sabha") is able to devise any means of mitigating the difficulties, its labours will be deserving of encouragement. Until we see what the Maharaja's Committee elicits, I do not think there is any occasion for a Government Committee of Enquiry.'

"My Lord, the members of the Sabha have placed before me a statement, the perusal of which has made me more inclined than ever to press upon Your Excellency the absolute necessity which exists for the formation of a small expert Government Commission to enquire into the whole matter. The facts and reasons demanding such an enquiry may be stated as follows:—

(*a*) In 1866-67 (Orissa Famine) the area most affected was 12,000 square miles, containing a population of about four millions of people (*vide* Famine Commissioner's Report of 1878).

(*b*) In 1873-74 (Bengal-Bihar famine) the area affected was 40,000 square miles, and the population affected was seventeen millions (*vide* Famine Commissioner's Report of 1878-80).

(*c*) In the present year the area affected is 150,000 square miles and the population affected is fifty millions. (I quote from Your Excellency's speech in the Town Hall on the 17th March current.)

"My Lord, you will observe that the foregoing facts and figures distinctly show that the area and population affected by successive famines have been rapidly on the increase.

"During the first half of the 19th century there were nine famines affecting different parts of India, whereas during the second half of the same century there was no fewer than twenty famines, including the famine of 1901, affecting different parts of India. These facts show an alarming increase in the extent of these calamities.

"My Lord, it has been acknowledged by your Government that the prices of food-grains this year are 'much higher than during the great famine

of 1900, and distinctly higher than in 1897." But the high prices this year have one special characteristic distinguishing them from their predecessors. They are not confined to the affected area, but are universal almost over all India. This rise in the price of grain all over India tends, in my opinion, to show that the affected districts of India are largely importing food-grains from the unaffected districts, and that the time is not distant when exports of food to foreign countries will so exhaust the resources of India as to render them incapable of affording the surplus which may be required for the affected districts.

"My Lord, I have seen it stated that 'the export trade encourages production and creates a reserve which can be drawn upon in time of scarcity.' I am afraid that this 'reserve' is more or less a fiction as it is spent in buying necessaries of life, the prices of which have a tendency to rise *pari passu* with the rise in the price of the staple food-grains. If there had been a 'reserve' in the country there would have been a staying power with the people. But the facts prove otherwise. No sooner does one monsoon fail, or show signs of failing, than scarcity at once begins to be felt.

"My Lord, the price of rice, the staple food of Bengal, was about Rs. 1-8 per maund in Calcutta in 1866-67. Today it is between Rs. 7 and Rs. 8 per maund. This increase is phenomenal and perhaps unique in the world's prices of food within so short a period. This rapid increase in the prices of food-grains has a reflex action on the prices of all other articles of human consumption, and until this tendency is brought under proper control, the results will be of a serious order. I know that the general idea is to cast all the responsibilities for famine on the freaks of the monsoon. But monsoon freaks occur with neither more nor less frequency than they have ever done from the days of old. But the present differs from the past in that there is no reserve of food now when famine occurs and consequently no staying power among the people. My Lord, I could say much more in support of the proposal I have respectfully made, but I trust Your Excellency will feel that I have said enough to influence the Government of India to make a wise concession to popular opinion and grant a Select Commission of Enquiry to examine into the whole question of the Food Supply of the people and all things related thereto. Your Excellency is aware that a private Commission would not have the same weight or authority in the eyes of the public, nor could it collect its information in the complete manner in which a Government Commission would have at its disposal, and I need hardly add that its conclusions and recommendations would not have the same weight as those of an official Commission in the eyes of the Government or of the public. Whatever might be the outcome of an official Commission, I am sure at least that it would convince the country that the Government had made an honest attempt to arrive at a solution of the great problem of the Food Supply of the people. And this in itself would be a good achievement. But the Government Commission would have to be invested with full powers to go into the whole question and be invited to suggest the remedies which they think would cope with the disease.

"My Lord, I may note in passing while speaking of Food Supply that I am glad to see that the Governments of Bengal and Madras have taken up in earnest the question of Fisheries Investigation. The Government of Madras have already made great progress in this direction and have established a Fishery Board under the able superintendence of Sir Frederick Nicholson. In Bengal I am glad to see that the lines are being laid down for experimental investigations, and that a steam trawler is expected out immediately to commence work in the Bay. In this way, my Lord, a lead will be given to private commercial enterprise from which enormous results of a beneficial kind are likely to flow, in not only materially increasing a constant supply of good and cheap food, but also in multiplying the means of national wealth, and bringing into existence quite a number of related industries which are as yet strangers to the land. My Lord, I earnestly trust that the good work now commenced in Madras and Bengal will go on until every

[*Maharaja of Darbhanga.*]

Province has a Fishery Board of its own, and that Your Excellency's Government will do all in its power to foster such a hopeful enterprise as will result from the scientific exploitation of our coastal seas and our inland waters.

"It might not be out of place here to refer to some inland waters for which we have no use. I mean those which are cooped up by railway embankments in times of flood, because there are no culverts or waterways through these embankments to allow the water to go away. There was a recent Conference at Mozufferpur on this question held by the Commissioner of Patna with the Collectors of Durbhanga and Mozufferpur and the Chief Engineer of the Bengal and North-Western Railway; and in the course of the discussion it was acknowledged by the Chief Engineer that more waterways were absolutely necessary as the recent floods had been caused by the water having no means of getting away. This is a question of national importance, as these waters cooped up by the railway embankments sour the land and render it less fit for cultivation, and bring malarial fever in their train. Some years ago such a state of matters was experienced in the neighbourhood of Calcutta until the necessary culverts were made to allow the water to subside. I trust Your Excellency will call the attention of the Railway Board to this all-important matter, and especially to take notice that the culverts be made in all new railway embankments where it is essential that flood water should have easy means of getting away.

"My Lord, I look forward with some degree of hope to the results of the Decentralisation Commission now engaged in their enquiry throughout India and trust that the outcome will be in the interests of a better and more sympathetic administration in the subordinate ranks of the Government than now exists or, it may be, is now possible. Anything, my Lord, that will tend to dissolve cast-metal bureaucratism, and will bring our subordinate administrators more into living touch with the people in their daily lives, to mingle more and converse with them, to listen sympathetically to grievances, to give friendly advice and to heal differences, will all tend to bring about a more genial atmosphere of feeling between the governors and the governed, and will cause peace and contentment to spring up where unrest and aversion existed before. My Lord, while on the matter of reform, I would like to express my humble opinion that so soon as it can be brought about it would be better to have a uniform system of Provincial Government in India than continuing the methods now in vogue. The Provinces which are now Lieutenant-Governorships should all be raised to the same status as Madras and Bombay, and each Province have a Governor and Council of its own. I am sure, my Lord, that the people of Bengal would welcome such a change as an improvement upon the present system.

"My Lord, may I be permitted to hint that while the growing charges connected with the Administration are beginning to bulk largely in the eyes of the public, criticism is directed mainly to the fact that the increased expenditure has been nearly all for the benefit of the upper ranks of the Civil Service. No one has the least objection to the high officials being comfortably housed according to their rank, and within the limits of moderation; but, my Lord, it is meet at the same time that the subordinate ranks whose salaries range say from Rs. 500 downwards, should, in these days of higher rents and increased cost of living, meet with adequate consideration also. As I have said, I merely hint at the matter, feeling assured that Your Excellency's Government will do what is right in ameliorating the lot of these public servants who now feel hardly hit by the altered circumstances in which they feel themselves placed.

"If I might say a word to Your Excellency regarding the threatened dislocation of some of our public services recently on account of grievances, alleged or otherwise, formulated by employees in some of the subordinate offices, not being promptly attended to by their immediate overseers, I would respectfuly suggest that when such employees formulate their grievances a copy of the document which is sent to their immediate overseers should also, at the same time, be allowed to be sent in to the Head of the Department for his information as to what is going on in the ranks of the employees. I am sure, if

this were allowed, adjustment of grievances, sometimes too long deferred, would receive prompt attention, and strikes hurtful to commerce and to the public generally would in many cases be absolutely avoided.

"It is to be noted with great satisfaction that Your Excellency's Government are now engaged in devising means for more closely associating with yourselves in the Councils of the Government, the most capable men in our various communities whose character, ability and experience mark them out as being fitted for the work; and we have every confidence that Your Excellency will hold the balance even in giving each considerable section of our communities their due and fair share in proportionate representation. In connection with the subject I would suggest, with all due deference, that as the Import and Export commerce of the Empire finds due representation by members of the British Chambers of Commerce on the Imperial and Provincial Councils, the great internal trade and commerce of the country, which is at least about six times the value of our foreign trade, should also be represented on Your Excellency's Council by the admission of Indian merchants of experience, such as the Hon'ble Mr. Thackersey, who would be able to give valuable advice when matters connected with our internal trade came up for consideration.

"My Lord, in my remarks during the Budget Debate a year ago, I alluded to the question of the Victoria Memorial Hall. I know that this is not a question which is directly under the control of the Government, but it is a matter of national interest after all. The things connected with the Memorial do not seem to be in a much greater state of forwardness than they were twelve months ago. Indeed, there has been considerable controversy, and differences of opinion have arisen amongst the engineers and architects consulted, about the nature of the structure to be erected. And now the plans and estimates are again in the crucible. No one knows what is going to happen; but seeing that eminent doctors differ so much from each other I would again respectfully offer the opinion that before anything further is definitely decided upon, the subscribers should be asked for their opinion as to how the money should best be devoted to honour the memory of the great Queen-Empress.

"My Lord, in bringing my remarks to a close, I would venture to suggest as an improvement on the present course, that the Budget should be introduced early in January of each year, the financial year to close on the 31st December instead of the 31st March as at present. If there are any serious objections to this proposal so that it cannot be entertained, then, as there are often matters connected with and arising out of the discussion on the Budget which might form subjects for subsequent conference with Your Excellency if we only had the opportunity, it would be esteemed as a great and special boon if Your Excellency could see your way, instead of departing immediately after the conclusion of the Debate, to prolong your stay in Calcutta for two or three weeks in order to give those who cannot go to Simla, opportunities for such private conference, for the purpose of making representations on matters regarding which we might wish for further explanation, or for making suggestions on others of public importance which have not come within the scope of the Budget Debate. I am sure if Your Excellency would accede to this proposal the public would esteem your acquiescence with thankfulness and profound gratitude.

"My Lord, when last I had the honour of addressing you on the Budget, India was in a comparative state of unrest from various causes. I am happy to believe that, under the sympathetic and wise rule of Your Excellency, much of the bitterness which was mixed up with the unrest is passing away, with the increase of closer and more friendly feelings between the governors and the governed, and the cordial recognition by the people that the British Raj means well to the country at large.

"I conclude by thanking Your Excellency most cordially for the grace and patience with which you have listened to my remarks."

"The Hon'ble MR. HARVEY said:—"My Lord, I have officiated for a few days only as a Member of Your Excellency's Government, and in ordinary

[*Mr. Harvey.*]

circumstances would have felt it incumbent on me to take a very limited part in the debate. But as I have been connected with the Department of Commerce and Industry since its creation and am familiar with the work done in the various branches of business with which it deals, it will perhaps not be out of place for me to review as briefly as possible the principal features of the year's administration.

"The latest available statistics of our sea-borne trade show that the expansion of the last three years has so far been maintained. The total value of imports and exports, excluding Government stores, for the eleven months ending February 1908, aggregates nearly 314 crores, which is an increase of 9 per cent. on the total for the same period of 1906-1907, and is only 4 crores short of the trade for the whole of that year. Imports, which account for the greater part of the increase recorded, are returned at 147 crores, or 12 crores in excess of the value of the import trade for the twelve months ending 31st March 1907. The chief advances are under 'cotton fabrics,' 'railway plant and rolling stock,' 'iron and steel.' There have been large exports of raw cotton, seeds, jute manufactures, rice and wheat, but against these we have to set heavy decreases in raw jute, cotton yarn, and hides.

"I fear, however, that the present rate of expansion is not likely to be maintained in the immediate future. The latest information points to the fact that, in the import trade, there has been a large accumulation of stocks, especially of piece-goods, and the effect of the scarcity in Northern India has, so far as the statistics are concerned, barely had time to make itself fully felt. In all our staple lines of exports, however, the figures for the first two months of 1908 show an appreciable decline, and the total increase up to date is due entirely to the large exports in the beginning of the official year. The exports of Indian manufactures show a net increase of 1½ crores, which is mainly attributable to the increased activity in the jute manufacturing trade in the earlier part of the year 1907-08, but there has been a certain reaction recently due to causes which are well known. The yarn trade with China shows a marked falling off which is only partially counterbalanced by the advance in exports to other markets in the Levant and Europe which Indian traders have recently entered. There has, however, been a greater internal demand for cloth manufactured in Indian mills, which are absorbing a larger proportion of our Indian yarn, and under this head the returns show a satisfactory improvement.

"At all the important ports, measures are in progress to provide for the demands of trade. The Calcutta Port Commissioners have taken steps to acquire the land required for the large scheme prepared by their Chief Engineer. In Bombay, in addition to the construction of the New Docks, the progress of which has been somewhat retarded by unexpected difficulties, the Trustees are undertaking at an estimated cost of 131 lakhs, a large reclamation project which will give a wharf frontage of two and a quarter miles, between Mazgaon and Sewree, and sanction has been accorded to the raising of the necessary loan. Similarly at Karachi, the Port Trust have submitted proposals for the construction of ten ship berths at a cost of 125 lakhs. The erosive action of the river at Rangoon has necessitated the initiation of large and costly measures with a view to the training of the river, and provisional sanction has recently been given to estimates in connection with this work amounting to 92 lakhs, towards which the Government of India have contributed 25 lakhs and the Provincial Government has been permitted to advance a similar amount.

"Measures have recently been taken to standardise the procedure at the various Customs Ports in regard to the administration of the Merchandise Marks Act. The Government have approved of the issue of a Manual compiled under their authority which brings together the executive instructions issued from time to time for the guidance of Customs Officers in administering the provisions of the Act. This Manual will be of assistance to merchants, in presenting to them for ready reference in one authoritative compilation, the rules and regulations observed at our Customs Ports, and it will also have the effect

[*Mr. Harvey.*]

of securing a very desirable degree of uniformity in the administration of the Act. A modification is to be introduced in the practice respecting the marking of specific indications of the country of origin on imported goods. The law requires that, when the name or trade-mark of an English or Indian manufacturer is marked on goods not made in England or India, there must be a counter-indication specifying by name the country in which the goods were made. Where, however, goods made elsewhere than in England or in India do not bear such a name or trade mark, but are only marked with an expression or description suggesting an English origin, the law does not authorise the Customs-authorities to insist on the marking by name of the country of origin, and any expression negativing the suggestion of English origin is, for legal purposes, sufficient. For instance, the use of such expressions as 'Made abroad,' 'Foreign made,' or 'Not made in England or in British India,' would be a sufficient compliance with the provisions of the law in the case of an article, say, made in Germany, which bears an English expression. The practice at our ports has, however, not been in entire accord with the law. The Local Governments and Chambers of Commerce were consulted in regard to this modification, and I refer to it in some detail because the replies we received to our references suggested a certain misapprehension of the scope and purport of our proposals, and I hope that I have made it clear that the object of this modification is only to bring our practice into conformity with our law, and that no change in the latter is at present contemplated.

"A brief reference may be made to two special matters which have formed the subject of discussion during the year, namely, the amendment of the law relating to patents, and the Assam Labour Law.

"The growth of manufactures and industries in India, and the consequent increase of the use of new processes and machinery, has directed more attention of recent years to inventions and designs in this country. The Act which regulates their protection was passed in 1888 and was founded in the main on the earlier Acts of 1856 and 1859 which in turn were based on the English Act of 1852. Since that date many further changes have taken place in the way that invention is regarded both from the standpoint of the inventor and the public, and it is proposed to take early steps to obtain sanction to legislation which will bring the present system more into line with the latest practice in the United Kingdom. Suggestions put forward by the Patents Secretary and considered by the Department have been carefully worked out by him and a draft Bill is now under preparation. This will, it is hoped, shortly be ready for examination, and when the necessary sanction has been obtained it will be submitted for the criticism of the manufacturing public.

"The orders recently passed on the subject of labour for the Assam Tea Gardens define the attitude of Government towards this question. The Act of 1901 is to remain in force in the Assam Valley for a period of two years, after which the question of its continuance on present lines will be taken into consideration. In the meantime the operation of the Act has been modified in two important particulars: the right of private arrest hitherto vested in employers has been withdrawn, and the taking of contracts in the labour-districts has been abolished. The object in view is gradually to introduce greater freedom in the management of labour on the gardens. The special Committee which enquired into the subject considered that in order to induce labour to move to Assam, relaxation of the existing conditions in these respects was necessary, and they also pointed out that the attractions to labour should be increased in order to enable the Tea industry to compete in the labour-market in the down country districts. The various suggestions made to this end it is for the industry to consider. The Government of India, while agreeing with the conclusion of the Committee that the minimum wage prescribed by the present Act is no longer an inducement to emigration, have, in view of the generally favourable opinion expressed by the Committee as to the material condition of the labourers in the Gardens, decided to leave the question of raising the wage to the industry concerned. In recruitment various changes have been introduced with a view to encouraging the emigration of labourers free of contract under the Act.

[*Mr. Harvey.*]

"The question of withdrawing the Act from the Surma Valley presented difficulties which have led to the postponement of action in this respect. But it is intended presently to amend the law so as to enable a beginning to be made in selected tracts with entirely uncontrolled emigration to the Surma Valley districts.

"The reductions made during the year in the rates of inland postage have been accompanied by a remarkable increase of traffic in respect both of letters and of parcels, and we anticipate that the net cost, which was originally estimated at 15½ lakhs for this half-year, will probably not be more than half that amount.

"There has been a good deal of adverse criticism because the new contract with the Peninsular and Oriental Steam Navigation Company for carrying the Indian mails, which came into effect on 1st February last, provides for an acceleration of only eight hours over the transit timings hitherto in force between Bombay and Brindisi. I need hardly say that the Government of India entirely sympathise with the desire of the commercial community for a faster service, and have spared no effort in their attempts to secure this. We secured the insertion in the form of tender issued by the Post Master General, London, in August 1906, of a provision asking tenderers to state what subsidy they would require if a service 24 hours faster than that given under the former contract were introduced three years after the commencement of the new contract. The Peninsular and Oriental Steam Navigation Company was however the only responsible Company that tendered for the service, and they declined to comply with this request. They contended that the acceleration proposed would necessitate a very large expenditure on ship-building and that the incidental charges would be excessive. It might perhaps have been possible to extend the old contract for a further period of two or four years and to make a further attempt to obtain a 24 hours acceleration in 1910 or 1912. But it was very doubtful whether any responsible competitor would have come forward, and in the absence of real competition we should have been no better off four years hence than we are now. It was therefore decided by His Majesty's Government to close with the offer of the Peninsular and Oriental Steam Navigation Company, in the hope that this would be found the most effective measure towards obtaining a substantial improvement in the mail service on the next occasion on which tenders are invited.

"In the Telegraph Department the year has been characterised by the greatest activity. It was recognised soon after the introduction of the low tariff rates that the Department was not fully organised or equipped to cope with the enormous increase of traffic involved, and that very far-reaching reforms would be necessary before it could render to the public the service which the latter has the right to require. A Committee was appointed which submitted its report in April, and later in the year the services of a selected officer of the English Post Office were obtained in order that examination of all the details of the existing methods of dealing with traffic might be carried out. Time does not permit of my placing before you even a resumé of the evidence and reports which have been laid before us; they have been very voluminous and have been examined with care. We have come to the conclusion that the greatest fault to be remedied is the excessive delay which by ancient custom has come to be regarded as a normal feature of the service. As an illustration I would mention that the figures of delay in a large Indian office and a Home office, similar in respect of volume of work, have been compared, and it is a fact that while in the former only 8·2 per cent. of the messages were put on the wires within ten minutes of receipt in the office, and 57·6 per cent. were delayed over 40 minutes, in the latter 91·7 per cent. were being despatched within ten minutes. We have received convincing reports from Mr. Newlands, whose work has been invaluable, as to the causes of delay, which he attributes mainly to the excessive amount of clerical labour performed in respect of messages, unnecessary signalling operations, the compilation of useless returns, and to the fact that the hours of duty have not been arranged so that there may be a sufficient number of men during the busy hours to dispose of the traffic as it comes. These are

[*Mr. Harvey.*]

defects which can be remedied, and it is hoped that the orders which have already issued in the direction of simplification will before long produce a very marked effect. There is no desire on the part of Government to exact too much work from the subordinate establishment, but it is a matter of common knowledge that the Department is already considerably overmanned. The new system of duties, when finally arranged, will not only greatly accelerate business, but will also materially reduce the amount of work done at night, and this will be understood before long. At the same time Government are aware that the present scales of pay are insufficient and that there have been in the past several legitimate causes of complaint. Some of these have already been remedied and action is being taken in respect of the others. A recommendation will shortly be made to the Secretary of State in respect of the pay of the staff. We recognise that special efforts will be necessary on the part of all concerned to carry out the reforms and to build up a telegraph service that will be capable of performing its proper functions. But we believe that the whole staff of the Department, superior as well as subordinate, will spare no pains in the endeavour to attain efficiency, and we look with confidence to the public for their assistance and perhaps for a time for some forbearance while the measures that have been devised in their interests are brought into full operation.

"The abolition of the office of Consulting Engineer on the 1st January 1908 marks a great change in the relations between Government and the Railway Companies and in the system of railway administration in India. Hitherto this officer has been the medium through which the control of Government over the Railway Companies, usually of a minute character, has been exercised.

"The proposal to give greater freedom to Companies originated with Mr. Thomas Robertson and is now being carried into effect. The duties of the Consulting Engineers as regards inspection have been transferred to Government Inspectors working directly under the Railway Board. Most of the powers of sanction which they formerly possessed, and extended powers similar to those vested in Managers of State Railways, have been delegated to the Companies' Boards. The appointment of Railway Secretary to the Local Government has been abolished in Bombay and Burma, but in Madras the Government Inspector will continue to hold that office, though without exercising the functions of a Consulting Engineer.

"It would be premature to pronounce any opinion on the new system after only three months' experience. We have every hope that it will prove a success and will promote efficiency, and we believe that the Companies will exercise their enlarged powers with discretion. Government interests will be safeguarded by means of the Inspectors working under the Railway Board and Examiners of Accounts, and we have reserved the power to make special arrangements should the circumstances of any line appear to require this course.

"One effect of the change will be that some of the Local Governments will have less direct responsibility for railway work than they have at present. But we have no desire to diminish in any way the legitimate influence of the Local Governments in the questions of railway policy in which they are interested. Railway Administrations have been instructed to keep in close direct communication with them in respect of all matters which are not of a technical character, and the Railway Board will welcome their advice and assistance.

"The disappearance of the last of the old Guaranteed Companies demands a word of notice. The Madras Railway, which was established in 1856, has always been an expense to the State, and we had, therefore, no hesitation in recommending to the Secretary of State that the line should be acquired at the earliest date which the contract allowed. The purchase was concluded last year and took effect from the 1st January 1908. As the existing contract with the Southern Mahratta Railway Company terminated in 1907, and the contract with the South Indian Railway is to expire in 1910, the opportunity was taken to re-arrange the railway systems of Southern India, with the result that the Madras Railway, as a separate entity, has disappeared and has been absorbed in the South Indian and Southern Mahratta

[*Mr. Harvey.*]

systems. A reduction in the number of separate administrations was clearly required for purposes of economy and efficiency, for the Madras Railway had no room for expansion and none of the three systems could rank in mileage or in receipts with the great lines in other parts of India. The Southern Mahratta Railway Company has taken over the whole of the Madras Railway excepting the Jalarpet-Mangalore section (and branches) of the South-West line; and also the South Indian metre-gauge lines north of Katpadi. The South Indian Railway Company has taken over the Jalarpet-Mangalore line and has also been given running powers over the Madras-Bangalore section. The object in view in these arrangements has been to create two systems with distinct spheres of influence, within which they will be free to develop trade and to build extensions with as little risk as possible of creating excessive competition.

"The Railway Board's memorandum, which is attached to the Financial Statement, explains the programme which has been adopted for the coming year. It will be observed that the total has been maintained at 15 crores, a much higher figure than was at first anticipated. In pursuance of the deliberate policy which has been adopted, by far the greater part of the expenditure will be on open lines and rolling stock; the Board have provided for lines under construction 331·12 lakhs and for new lines 20 lakhs only. No provision was made in these estimates for the construction of the Lower Ganges Bridge, but since they were framed the sanction of the Secretary of State to the project has been received, and the Board will now issue orders for the commencement of the working survey and the preparation of construction plans and estimates. Sanction has also been given to the Irrawaddy Bridge at Sagaing and funds for the preliminary work will be provided from the grants for open lines.

"The Board have alluded to the difficulties experienced in working traffic, and it is a matter of common knowledge that the complaints have been as bitter and the discussions at meetings of public bodies and in the Press have been as acrimonious as before. In considering the position it must not be forgotten that there have this year been two special causes which have added very largely to the normal difficulties. The scarcity in the United Provinces has necessitated the transport of large quantities of grain to the affected areas there, and the strike on the East Indian Railway in November caused a retardation in the traffic which was bound to have effects lasting throughout the season. But the complaints have not been confined to Calcutta. Steamers have been detained at Karachi unable to discharge, and there have been most urgent requests for the transport of produce to and from that port and from the wheat-growing areas of the Punjab to the distressed districts of the United Provinces. Government do not conceal from themselves the fact that systematic measures are required to restore the balance. It is, however, impossible for them at the present time to do more than devote the funds at their disposal towards the amelioration of existing conditions. As Hon'ble Members are aware, a Committee was appointed last year by the Secretary of State to enquire into Indian railway affairs and the terms of reference were wide enough to cover the whole range of traffic facilities and the methods of financing schemes for their improvement. The Government of India have not seen the evidence that has been placed before that Committee, but they understand that comprehensive and detailed proposals have been put forward by witnesses and public bodies representing commercial as well as railway interests, and it is obvious that their report, which, it is believed, has been submitted to the Secretary of State, must be awaited. It is hoped that their proposals will provide a satisfactory working scheme; but if these require to be elaborated or supplemented, the Government of India will be prepared to institute the local enquiries that were asked for last year, and to invoke the assistance of representatives of the commercial community in making them. In the meantime I will refrain from repeating figures already given by the Board, and will only claim that Government have not failed to devote the maximum amount at their disposal to the improvement of traffic conditions on existing traffic routes.

"The Hon'ble Mr. Finlay suggested last year that a solution of some of the difficulties connected with the wagon supply might be found in a system of

[*Mr. Harvey.*]

private ownership. He subsequently discussed the matter very fully with the Agents of the East Indian and Bengal-Nagpur Railway Companies; but I am sorry to say that the result of these discussions has not been very favourable to the proposal. Both the Companies object in principle to the private ownership of wagons, and there is no doubt that the difficulties in the way of any general introduction of such a system are of a very serious character. English railway opinion is now very strongly against it, and I understand that the English Railway Companies would be glad to get rid of the private wagons at once. To a limited extent, however, private ownership might be permitted under conditions which would not be open to the objections which have been raised. An arrangement has been made between the East Indian and another Railway, under which the latter supplies 150 wagons for the carriage of the coal required by it. This is not regarded as objectionable because the wagons can be run to and fro between fixed points in rakes of 50 wagons or so at dates which can be arranged between the Coal Company and the two Railway Companies. The Bengal-Nagpur and East Indian Railway Companies are willing to extend the same facilities to Railways generally, and the Railway Board have been asked to move the two Companies concerned to deal in the same way with the larger Coal Companies which can work under similar conditions.

"The Hon'ble Mr. Apcar has referred again to the desirability of encouraging wagon building firms in this country, and I can assure him that Government as well as the Railway Board are most anxious to give all the assistance in their power, subject of course to the condition that *bonâ fide* manufacturing work is carried out and that rolling stock is not imported in a practically finished state for the purpose of fulfilling contracts. The Hon'ble Mr. Finlay mentioned last year that State Railways had been instructed to invite tenders locally for 25 per cent. of their requirements. There has been no reversal of this policy, and the Railway Board have done all in their power to induce railway companies, which occupy a position of independence as regards sources of supply, to follow their example. The specific instances brought to notice by the Hon'ble Member will now be enquired into.

"There are several other railway matters which I should have liked to mention in a little more detail had time permitted, such as the recent strikes and the steps that have been taken to form Boards of Conciliation, the projected railway connection with Ceylon, and the proposals which have been made to Government by several Companies for the purchase or lease of certain of the State lines. I may say, however, with regard to the last of these that negotiations have not yet reached a stage at which any public announcement could be made, and that it is the desire of Government that mercantile opinion in Calcutta should be consulted before any decision regarding the transfer of the Eastern Bengal State Railway to a Company is arrived at.

"In conclusion, my Lord, I should like to say a few words regarding industrial progress in India. Though the exports of coal and manganese-ore show a tendency to decline, there is no sign of any check in the development of the mineral resources of the country. The figures for the production of coal, in the calendar year 1907 as returned by mines subject to the Mines Act, have advanced by nearly one and a half million tons, and the returns of mining concessions granted point to a great activity throughout the country. The total number of concessions relating to Government lands, excluding those granted in the permanently settled districts and in Native States, was 252 in 1906, while for the three quarters of 1907 the large figure of 409 has been reached, the increase being most marked in the Central Provinces, which accounts for nearly one-half of the concessions recorded. In Bombay there has been an extraordinary advance in prospecting operations.

"Government have received various suggestions for modifications of the rules under which mining concessions are granted, and it was decided to entrust the revision of these rules to a small informal Committee. This Committee has just sat and its recommendations will be circulated for opinion among the Local

[*Mr Harvey*; *Mr. Miller.*]

Governments and Commercial Associations interested, and, on consideration of the replies, the Government will submit their proposals to the Secretary of State with whom the final decision lies.

"We look forward confidently to the time when the industries of the country will absorb a much larger proportion of its mineral products than at present, and it is gratifying to know that the project for the establishment of large iron and steel works near Sini on the Bengal-Nagpur Railway, which was referred to at length by the Hon'ble Sir John Hewett in the Budget debate in 1906, has passed through the preliminary stages and that work is rapidly progressing. Government have committed themselves to the grant of substantial assistance to this scheme and it will be a pleasure to them if their aid is further invoked towards the inauguration of other industrial enterprises. The Lieutenant-Governor of the United Provinces, who evinced the keenest interest in this subject while in charge of the Commerce and Industry Department, has made comprehensive proposals to give effect to his policy in those Provinces. In several of the other Provinces also active measures are being taken towards carrying out industrial surveys and advancing technical education, and we have every reason to expect that before long the general movement in this direction which we are most anxious to promote will have made material progress. I would however invite the attention of Hon'ble Members who have referred to this subject in the debate to the speech to which I have just alluded. Government have already done a great deal and are anxious to do more, but it is only with the co-operation of the people themselves and active assistance from the capitalists of the country that great results can be attained.

The Hon'ble Mr. Miller said:—"My Lord, in October last year at Simla, I made a statement in this Council regarding the imminence of the famine to which so many references have been made today.

"At that time it was difficult to foresee how large a part of the country would be seriously affected. It seemed possible that severe distress amounting to famine would spread over the greater part of northern and north-western India and far to the south. Fortunately this has not been the case. There has been and is distress which is acute enough to give cause for anxiety over a very large part of the country; but except in the United Provinces and some of the neighbouring tracts, the conditions are those of scarcity, not of famine. The rainfall in those parts was, as I explained in October, only half the normal, in individual places much less; the autumn crops failed altogether or were miserably poor, and no human power could ward off a famine of very considerable intensity. Relief measures were, however, taken with a promptitude which has earned the gratitude of the people, and at the same time has inspired them with a confidence at once in the Government and in themselves. Revenue was freely suspended; advances for the construction of wells and other agricultural purposes were made on a large scale; gratuitous relief was given where necessary, and all preparations were made to cope with any rush there might be for work provided by the State. No such rush occurred, however, at the outset, and the numbers of the famine-stricken mounted at first more gradually than in some previous famines; at the end of December the total number of persons on relief in the United Provinces was only 101,915; but there was then a rapid increase and at the end of January the number was 492,748; by the middle of February it had risen to 919,873; at the beginning of March to 1,332,449; while the latest figures are 1,382,780.

"In ordinary course there should now be some diminution, but when the harvest is over there must be a return to the works, and no reduction in the scale of relief can be expected till the rains are well established. In the Punjab the Delhi Division suffered equally with the United Provinces, but relief works were not found necessary till the end of January, and even now they fail to attract labourers, only 1,235 being employed according to the latest returns. In the Panch Mahals District in Gujerat the conditions are much the same as in the Punjab. Test works are open, but only 2,965 persons are employed on them. The Central Provinces received some welcome rain in November and timely

rain later on which considerably eased the situation there, and it has been found possible up to the present to avoid any large recourse to relief works by general suspensions, by the grant of loans, by providing a comparatively small amount of gratuitous relief, and by expanding the ordinary programme of public works. In Orissa, famine conditions have been caused by drought following on floods, but the able-bodied labourers of those parts find work in Calcutta or elsewhere, and the scarcity wages given on test works do not attract them. It has been found necessary to give gratuitous relief somewhat freely to the families of those who have migrated in search of work. In Ganjam it has recently been found necessary for similar reasons to open test works. In the States that lie south of the United Provinces there has been the same disastrous failure of crops as within our own borders, and the rulers of those States appear to have met the situation in a liberal and determined spirit. No less than 135,500 people are now in receipt of relief in those States—a large number for those thinly populated tracts.

"In the whole of India the numbers on relief, according to the latest returns, reached a total of 1,558,439. These are large figures, but to anyone who will compare the rainfall statistics of the last monsoon with those of 1896 and 1900, it will be a matter for surprise that they have not been far exceeded, and we may find some cause for satisfaction in the absence of the worst forms of distress that were formerly regarded as inevitable in times of drought. How far these results are due to the promptitude with which relief was given, how far to the people being better off, and how far to altered conditions of labour must be a matter for speculation. Probably all these causes were at work.

"The Hon'ble Mr. Gokhale takes strong exception to the assumption that there has been any development of the resisting power of the people, and he quotes the opinion of the Famine Commission of 1898 that up to that time there was a large and possibly increasing section of the community,—the great class of day-labourers and the least skilled of the artisans,—who were if anything less well to do than ever. The question is an important one, and at the same time very interesting. I should have been glad if the Hon'ble Member had been able to throw the light of any fresh facts on it. For my own part, after carefully watching the progress of relief and studying all the evidence available, I have formed quite a different conclusion from his. No doubt when we compare the present with past famines we must take account of the comparatively limited area in which distress is now acute, and of the liberality with which relief was given, to which I am glad to see that the Hon'ble Member makes appreciative reference. But allowing for this, and also for the fact which I think is fairly certain, though the Hon'ble Member challenges it, that the agricultural condition of the greater part of the severely affected tracts was better than in 1896, I find it impossible to resist the weight of evidence that comes from all quarters of the improved position of the labourer. How is it that in this famine following on an extraordinarily poor and ill-distributed rainfall, with prices at a height above even the range of 1897, there are at this critical period of the season so few of the worst features associated with famine? How little do we hear of the gangs of wanderers spreading over the country and of the increase of crime; how few comparatively are the paupers in the poor-houses? In the United Provinces the poor-house population was only 5,165 on March 14th as compared with 45,000 at the same time in 1897. The main cause I have no doubt is to be found in the increasing demand from all quarters for labour, and in the consequent rise of wages. This is to my mind the most important economic feature of the present day in this country, and I am sorry to find that so acute an observer as the Hon'ble Member should take a different view.

"It is not merely in the towns that higher wages are to be had. The members of this Council who are landowners will bear me out as to the much better terms which the agricultural labourer now demands and receives. The conditions of India have changed or are changing, and even in time of famine the labourer who chooses to go in search of work can find it on better terms than on relief works.

[*Mr. Miller.*]

That is why in Bengal, the Central Provinces and Bombay the number of labourers on test works is so small. In Bengal difficulty has been experienced in obtaining the labour required for ordinary road works at the usual rates, owing to the great industrial development in and near Calcutta and in the mining districts. In the Central Provinces private employment has not slackened off to the same extent as in previous scarcities, while employment has been found on ordinary public works for about 40,000 more labourers than usual. In Bombay it is difficult to secure labourers for the irrigation works in the Deccan where over 10,000 men are at work, and a large supply of outside labour is absorbed by Bombay itself. The classes most affected in that Presidency are the hill and wild tribes of the Panch Mahals and West Khandesh. In the Punjab the supply of labour is barely sufficient for the large canal projects and railway and other works that are under construction. Even in the tracts where famine is most severe—in the United Provinces and Central India—it is found that the ordinary demand for labour is greater than it was in previous famines, and the problem of dealing with famine is thus to some extent simplified.

"The great increase in the wages of labour is a matter of almost universal experience, and the only evidence I have come across to the opposite effect comes from the outlying tract of Ganjam in Madras.

"The Hon'ble Mr. Chitnavis has referred to the distress caused by high prices. This is a feature of the present day, the effect of which we fully recognise. It is not so much that a high scale of prices is in itself objectionable; it is the change from one scale to another that creates hardship. It is undoubtedly the case that the very high range of prices has caused much privation and distress amongst the classes above the labourers, and these are the classes for whom it is difficult to provide State relief On this account the scope of gratuitous relief has been widened, but the Council will recognise the risks inevitable in extending the help of the State too liberally where no definite test of its necessity can be applied, and in such cases there is a wide field for the judicious exercise of private benevolence, which has already shown its readiness to assist.

"The good effect of the liberal suspensions of revenue has been recognised on all hands, and I am surprised to find that the Hon'ble Mr. Chitnavis draws from this policy the argument that the land is assessed to its utmost limit. Such criticisms will not affect the development of the more liberal and elastic policy in land revenue administration on which the Government of India have laid so much stress in recent years. Mr. Chitnavis has also referred to the burden of the assessment in his own province. He says that there is no margin left for the accumulation of capital for industry. My Lord, if the employment of indigenous capital in industrial enterprise is to be taken as the measure of the lightness of assessments, then I have no hesitation in saying that, considering their natural resources and population, the Central Provinces and Berar have a good claim to be ranked amongst the most lightly assessed tracts in the country.

"The distress must inevitably continue, and in some parts it will deepen until the monsoon is well established. The condition of the spring crops up to a recent date was promising in a considerable part of Upper India, but the area on which those crops have been sown is much below normal. Taking both area and condition into account the most sanguine estimate puts the outturn at three-quarters of the normal, other estimates go as low as a half. Much will depend in the future course of prices, and on the outturn of the mahua and mango crops. If we are fortunate in these two respects, no great increase in the numbers on relief need be anticipated in the United Provinces. In Bengal a few additional districts will probably require assistance before the rains come, and in the Central Provinces an expansion of relief measures may be necessary in the upland districts and in Chattisgarh. It does not at present appear probable that any considerable extension of relief will be necessary in either the Punjab or Bombay, and any distress in

[*Mr. Miller.*]

Madras will, it is hoped, be confined within a limited area in the extreme north of the Presidency.

"There has been comparatively little complaint on this occasion of severe scarcity of fodder. The resources of the forests have been utilised as far as possible and the railways have given special facilities for transport at cheap rates. It will be interesting to know how far advantage has been taken of these, and whether there has been any marked development of private enterprise in supplying the demand for fodder.

"There have been so many failures of the rains in the last ten or twelve years that it may interest the Council to know that a careful analysis of rainfall statistics was recently made to ascertain whether they showed any signs of permanent change in the seasonal conditions of any part of India. For such purpose a very long and accurate series of statistics is necessary. Thirty years or fifty years is a short time in the history of a country, and it would require a longer series of accurate observations than we possess to justify any confident deductions. But generally it may be said that in Bengal, Assam, Burma and the greater part of Southern India the returns give no indication of any change. In North-West and Western India down as far as Guzerat the rainfall showed a tendency to increase up to about 1894, reaching a maximum in different places between 1892 and 1894. Thereafter it diminished, the minimum being reached in 1899, after which there was again an improvement. The figures of the present year will do much to blot out the evidence of that improvement, but it is worth noticing that up to 14 years ago the statistics pointed rather to an increasing than to a diminishing rainfall.

"The Hon'ble Munshi Madho Lal has given prominence in his remarks to some figures taken from a newspaper of the number of famines. I had noticed them myself and had the curiosity to examine them, and it is perhaps as well that the methods in which such statements are compiled should be understood. The original statement was in these terms:—

"From 1800 to 1850 there were seven famines; during the next twenty-five years there were six, while the last quarter of a century claimed no less than nineteen."

"Every one knows that from 1878 to 1896 the country enjoyed a remarkable immunity from serious and widespread famine, and the Hon'ble Member may well hesitate to accept the figures. He will be relieved to know that the comparison is grossly misleading. The statistics for the last quarter of the century appear to be taken mainly from the Famine Commission Report of 1898. On one page of this there is a tabular statement of 14 famines that occurred from 1884 to 1892 inclusive. These are arranged by Provinces on the principle of one Province one famine, and so we have fourteen famines in nine years. The years 1890, 1891 and 1892 account for no less than seven of the fourteen famines. On this principle we have five or six or possibly more famines in progress in India at the present time. It will at once be asked whether the same method of calculation was adopted for the figures given for the earlier periods. It was not. The Famine Commission of 1880 proceeded on a different principle, and the figures now given agree with its report. For example, the famine of 1812-13 which extended from Bombay to Rajputana and Upper India counts as one famine only, and similarly the famine which affected Madras in 1823, Bombay in 1824 and Upper India in 1825 is reckoned only as one. So in the second period the great famine of 1868-1869 which affected Rajputana, Central India, the Upper Provinces, the Central Provinces, Guzarat and the Deccan courts as one famine only. That famine affected 300,000 square miles of country. The largest of the 14 tabulated by the Commission of 1898 affected less than a tenth of that area, and the smallest less than a thousand square miles. I hope that this explanation will remove any doubt from the Hon'ble Member's mind as to the value of the statistics he was led to quote.

[*Mr. Miller.*]

"It is possible that this idea that famines have for over a quarter of a century been continually increasing in number that has led to the numerous requests for enquiries of which we now have the following before us :—

an enquiry into prices;
an enquiry into the question of food supply;
a complete investigation into the whole subject of famine;
an enquiry into the condition of typical villages.

"It has already been stated that the Government have had under consideration the question of making an enquiry with reference to prices. As regards the other proposals I would merely say that the Government does not shrink from an enquiry into its famine policy, but it must be satisfied that definite practical advantage will result before it agrees that enquiry is advisable.

"When droughts unfortunately come we cannot, in a country where agriculture is so largely dependent on the rains, and where the people are so largely dependent on agriculture, prevent much hardship. But in many ways much has been done to minimise the effects of drought. The most important work of Government in this direction is indirect. It establishes tranquillity and leaves every man to reap the result of his own labours. But there is also a large field for direct action, and I wish to-day to allude briefly to the official work that is being carried on in the Agricultural, the Forest, and the Public Works Departments.

"Ten years ago the expenditure on agriculture for the whole of India was under five lakhs of rupees. In recent years, as the Council are aware, a more active policy has been initiated, and important developments are now in progress. The accounts for 1906-07 show an expenditure of 17½ lakhs, and the Budget for the coming year amounts to nearly 27½, while the Budget of the Civil Veterinary Department has in the same time risen from ₹5,91,930 to ₹15,81,000. By far the greater part of this expenditure is under the control of the Provincial Governments. It is not much for the whole country, but the Provincial organisations have now obtained a start which will lead to a rapid development as soon as the necessary staff can be trained. The field before the Agricultural Department is a very wide one; it is not merely to the improvement of existing methods that we have to look; a wider and often more directly useful opening is often found in the combating of disease and of pests. To take one example, the research work of Dr. Butler has shown how to combat the palm disease in the Godaveri Delta which had spread over hundreds of square miles and caused a loss of lakhs of rupees. In the Veterinary Department inoculation against rinderpest has attained a success which is not only attested by official reports, but is confirmed by the growing popularity of a remedy that was at first regarded with suspicion. Similar problems await investigation in all directions and our efforts ought to be devoted to training the staff to deal with them. This work of training is the most important that now lies before the Agricultural Department, and the colleges which are springing up in the different Provinces will, if I am not much mistaken, be thronged by an eager crowd of students—such as one can already see in our Veterinary Colleges. The next matter of importance is to get into touch with the cultivators, who may have much to learn but have also much to teach, and much prominence was wisely given to this question at the recent Agricultural Conference at Pusa. I had an opportunity also when in Bombay, where the Agricultural Department has from an early date been developed on progressive and practical lines, of attending an interesting meeting where the officers of the Department, representatives of the cultivators in the districts, and representatives of trade and commerce were all brought together. All these attempts to establish relations with the cultivator and with those who can influence the cultivator are to be warmly welcomed; all projects for the improvement of agriculture are impracticable that do not take account of his methods and traditions and capacity. At a time when the popular demand is for technical and industrial education with a view to the development of manufacture, it is well

[*Mr. Miller.*]

to remember that much as industrial development is to be desired, and great as are the benefits which variety of occupation has already conferred and will in increasing measure confer on the country, still the great industry and interest of India will always be the agricultural one. Even in America, a railway magnate recently warned the people of the dangers of forgetting the importance of agriculture. 'There must be,' he said, 'a re-adjustment of national ideas such as to place agriculture and its claims to the best intelligence and the highest skill that the country affords in the very forefront.' In India it is still more necessary to enlist the best skill and intelligence, and I trust that we shall not fail in doing so and in making the most of it.

"For years, as the Council is aware, the question of providing capital for the agriculturist has been under consideration. Within certain limits much has been done by Takavi loans, but though these provide valuable assistance at a cheap rate, the system is a purely official one; it has no educative effect, and its expansion on a great scale would involve much official intervention. How to provide capital, while at the same time encouraging thrift, is the problem for the solution of which the scheme of Co-operative Credit Societies was introduced some years ago. The Government refrained from any over-sanguine estimates of the result; it recognised that success was doubtful and that progress must be slow. Progress has, however, been more rapid than was anticipated. The number of registered societies is now 846, the number of members 90,000, and the capital 21 lakhs. There is every reason to be satisfied with the results, and to hope that the system, which is now arousing the active interest of the non-official public, will take root, and if it does take root it will spread rapidly. The Registrars in some Provinces indeed have been obliged to moderate the enthusiasm they met with, and to deprecate the formation of too many Societies. Mr. Rajagopala Charriar, the Madras Registrar, is of opinion that Co-operative Societies have undoubtedly come to stay; the Bombay Government think that the movement shows every indication of growing into a well-developed system. In Bengal the lines on which progress is being made appear to be eminently sound and eminently successful in attracting non-official co-operation. In the United Provinces the stage of the foundation of District Banks to which the local societies are affiliated has been reached; everywhere the reports are most hopeful regarding the future expansion of the movement. The present year will undoubtedly be one of stress and trial for the Societies, which have not yet had time to build up Reserve Funds, and it is well not to take too sanguine a view of their future. But all the indications go to show that under the guidance of those who are themselves convinced of its possibilities, co-operation gives every promise of attaining a much more vigorous growth on Indian soil than any one at the start ventured to anticipate.

"Under the head of Forests for the coming year the Budget provides for an expenditure of 150 lakhs and for receipts of 276. The total area of Reserved and Protected Forests now amounts to 102,514 square miles, and there is a further area of 131,137 square miles known as 'Unclassed Forests'. This is a branch of administration the importance of which is certain to go on increasing. I do not refer to the importance of its contributions to the Treasury; they are not to be neglected, but they represent only a small part of the benefits to the country which Forestry confers. The necessity for the preservation of forests for climatic reasons is every year becoming more widely recognised, as the emphatic remarks which have been made by the Hon'ble Tikka Sahib of Nabha show. This is the one Department to which we may look for some direct effect in preventing drought. I do not mean that forests will necessarily increase the actual rainfall in the country as a whole. It is not merely the total rainfall that we have to consider, but its distribution and the retention of moisture in the soil, the prevention of floods and of the erosion of mountain slopes, the maintenance, as far as possible, of a continuous and equable flow of water in our rivers and streams. The benefits of Forestry in these respects cannot be easily measured, and next to them may be placed the necessity of maintaining a continuous supply of forest products for the use of the agricultural and other industries

of the country. For this purpose it is unfortunately necessary to place restrictions on the access allowed to the forests; the very existence of the forests is incompatible with unlimited rights of user: you cannot both eat your cake and have it. Hence it is that we hear of the oppressiveness of forest regulations; they must necessarily be to some extent oppressive when forests were formerly treated as if they formed an inexhaustible source of supply. But experience in the best administered forests goes to show that by the exercise of tact and sympathy, by careful attention to the real wants of those who live in their immediate neighbourhood, and by strict control of the subordinate establishments and improvement in the class of men employed, it is possible not merely to avoid friction and causes of grievance, but even to interest the local population in the management and maintenance of the forests.

"We have now established a Forest Research Institute at Dehra under a body of capable workers, and there is no service more enthusiastic in the prosecution of their work than the officers of the Forest Department. They will now be able to work out in the country itself the higher problems of Indian Forestry, and to give to the future staff of the Department that higher training for which, in the future, there is certain to be a great demand.

"Before referring to the Irrigation and Roads and Buildings Branches of the Public Works Department I should like to allude to the value in times of famine of the development of our Railway system. Without the railways our famine administration could not hope to be successful. I am informed that in the month of February the imports of food-grains into one district in the United Provinces amounted to half a pound per day per head of the whole population. There are 200,000 people on relief in that district, and had the railway not existed, or had trade been fettered, a large proportion of the population must have been on the brink of starvation. This aspect of the case is often referred to, but there is another of much, though not of equal, importance, namely, the facilities which the railways give to the transport of the labourer. Owing to them the aimless wandering of the famines of earlier times is now being replaced by an ordered emigration of the able-bodied to those parts of the country where labour is in demand. The extent to which this proceeds even in ordinary times is surprising, and the readiness of the Indian labourer to leave his home in search of wages is not often realised. Not only is there a constant coming and going to the great trade and mining or manufacturing centres where labour is always in demand, but the surplus population of congested districts finds a profitable field for its energies in temporary migrations at the time of harvest to such places as the rice tracts of Bengal and Burma or the cotton country of Berar.

"Turning now to Irrigation, not many years ago it was thought that we were approaching the limit of productive irrigation schemes in this country, but the Council are aware how the horizon was widened by the report of the Irrigation Commission and by a less strict policy as to the direct remunerativeness of irrigation works constructed from public funds. We still, however, draw a clear line of distinction between productive works which are commercially paying, and protective works where we have to look largely to indirect benefits. The former class are constructed almost entirely from loan funds and there is never any difficulty in obtaining such funds as the strength of our establishment and the conditions of the labour market enable us to spend. From 1900 to 1906 the expenditure on productive works was as a rule about 80 lakhs a year. In 1906-1907 it rose to 120, in 1907-1908 to 130, while for the coming year the budget is for 150 lakhs, or a million sterling. Statistics of Irrigation works are given already in so much detail in the Financial Statement that I do no more than invite the attention to them of those members of Council who are interested in the great development of the wealth of the country that is due to the prosecution of productive canal schemes.

"For protective works the purse-strings are naturally more jealously guarded, and we must expect that policy to continue until the works have demonstrated their utility in years of drought. The total grant that may be made available for such works is 75 lakhs of rupees, and this amount may be reduced by any sums

[*Mr. Miller.*]

spent on famine, a condition that is fortunately not interpreted too rigorously. Hitherto we have been unable to work up to the 75 lakhs limit. Investigations of projects take time, and when works are not directly remunerative, careful discrimination is necessary in deciding to which preference should be given on account of the indirect benefits to be expected. The following figures will however show the rapid development of protective schemes

"In 1900 the total expenditure on protective works was under five lakhs of rupees. After that date it rose gradually to 53½ lakhs in 1906-07; in the present year it is expected to reach 61 lakhs, and for next year the budget is placed at 60 lakhs, which is all that could be allotted in the unfortunate financial conditions that prevail. From the administrative point of view there are great objections to curtailing expenditure on these works when famine threatens. The works provide a useful outlet for labour, and labour is at such times comparatively cheap, while delay in construction means loss in many ways. When the larger projects are sanctioned, the means by which a definite allotment can be secured from year to year undisturbed by the accident of famine will require serious consideration. Amongst the largest protective works suggested by the Irrigation Commission were two great canals in the Madras Presidency—the Tungabhadra and the Kistna; but investigation has as yet failed to show that these can be constructed at a permissible cost. In other cases, however, the prospects of protective works appear, especially in Bombay and the Central Provinces, to be much more promising than the Commission ventured to anticipate, and the field for useful work in this direction gives every promise of being a wide one. I have no doubt myself that these works will establish their value, and that we may look in the future for further developments when the Irrigation Commission's twenty-year programme comes to an end.

"The operations of the Buildings and Roads Branch of the Public Works Department are not often mentioned in a Budget discussion. Perhaps that is partly because there is nothing to be said for it as a direct contributor to the receipt side of the estimates; but the main reason is doubtless that its operations affect the Imperial estimates to a comparatively small extent. It is a spending Department, but its expenditure is mainly Provincial or Local. At the same time there are few Departments of which the operations more directly affect every branch of the administration than Public Works; there are for example 165,000 miles of roads in its charge; and it is a satisfactory sign of progress that funds have been placed at its disposal on an increasingly liberal scale in recent years, for it is the first Department to be called on for retrenchment when the finances are suffering. In 1906-07 the total Provincial and Imperial expenditure was over six crores of rupees or four millions sterling. Ten years before (a year of famine) the expenditure was a little under three crores, and the great development is no doubt directly due to the more liberal assignments which Local Governments now enjoy. The Budget for the coming year provides for an expenditure of a little over 6½ crores. A complaint is made by the Hon'ble Member for Burma of the insufficiency of funds for the development of his Province. The needs of Burma are no doubt great, but most Provinces would consider themselves fortunate if they could afford to spend 108 lakhs on Provincial public works as Burma proposes to do in 1907-08.

"The development of the country has recently been so rapid that there is no limit but that of finance to the work of the engineer. In the districts, better communications, which in some provinces are even now lamentably backward; everywhere, better buildings for schools and colleges, for medical relief, for the offices of every Department; in towns, improved water supply and drainage;—in every direction there are demands which must be met, and the meeting of which depends on the engineer.

"And similar remarks apply to the other Departments I have dealt with. They are all Departments of which the operations must greatly expand in the future; they are all hampered by the difficulty of obtaining a qualified and trustworthy staff; they are all closely bound up with the welfare of the country,

[*Mr. Miller*; *Sir Harvey Adamson.*]

and offer promising avenues of employment to its educated youth. In all cases, too, we are endeavouring to improve the opportunities for obtaining a higher training in the country itself; for making India as far as possible self-supporting; and the day must come when those who go through that higher training and prove their fitness in actual work, will find the higher posts opening to them in a more liberal measure than is now possible."

The Hon'ble SIR HARVEY ADAMSON said:—"My Lord, the Hon'ble Mr. Apcar and the Hon'ble the Maharaja of Darbhanga have referred to the delay in bringing into operation the Calcutta Improvement Scheme. I confess that when a year ago I reported progress in this Council I hoped that things would move faster. But I can assure Hon'ble Members that the papers were not put in a pigeon-hole to be drawn out with a sigh a year later when further pressure was brought to bear. The fact is that the constitution of the Government of India does not admit of big schemes involving varied interests being carried through with great celerity. It takes some time to reconcile the various interests of the Departments of the Government of India and of the Local Government. Nor is this all. India is ruled from England, and when we have ourselves fully made up our minds as to the course which should be adopted in a costly and complicated measure such as the Calcutta Improvement Scheme, the whole matter has to be negotiated again with the Secretary of State before any action can be taken. We lost no time in putting our matured views before the Secretary of State, but under the circumstances delay is unavoidable, and it is not unreasonable in the case of a scheme which is calculated to cost over 800 lakhs of rupees, to involve a large amount of new taxation, and to require special legislation. A few days ago we received a communication from the Secretary of State, in which he reviewed our proposals and agreed with most of them. I do not propose to enter into a lengthy explanation today. I may mention, however, that the Secretary of State has consented under certain conditions to a recurring grant-in-aid of 1½ lakhs for sixty years in addition to the original contribution of 50 lakhs. The next step will be to prepare the legislative measure requisite for carrying out the scheme, and I am afraid that this will also have to be seen by the Secretary of State. I can make no promises. There is still much to be done before the spade can be put to the earth. But I can say this much that no delay has occurred during the past year or will occur which is unavoidable in view of the essential difficulty of the problem and the number of interests involved

"I propose to say a few words on a subject on which volumes have been written during the past few years—the separation of Judicial and Executive functions in India. In 1899 the Secretary of State forwarded to the Government of India a memorial signed by ten gentlemen, seven of whom had held high judicial office in India, in which the memorialists asked that a scheme might be prepared for the complete separation of Judicial and Executive functions. They based their condemnation of the existing system largely upon notes illustrating its alleged evils, which were compiled by Mr. Manomohan Ghose, a barrister in large criminal practice. The memorial was referred to Local Governments and to high judicial officers in India for report, with the result that an enormous mass of correspondence has accumulated. This correspondence disclosed a decided preponderance of opinion in favour of the existing system, but whether it was the weight of the papers or the weight of their contents that has so long deferred a decision of the question is more than I can say. The study of the correspondence has been a tedious and laborious process, but, having completed it, I am inclined to think that the consensus of opinion against a change may have been due in great measure to the faulty presentation by the memorialists of the case for separation, as well as to the obvious defects of the constructive proposals put forward by them, which were shown by the Government of Bengal to be likely to cost many lakhs of rupees in that province alone. The authors of the memorial, in my view, put their case very feebly when they rested it on a few grave judicial scandals which were alleged to have occurred from time to time. It was easy to show that many of these scandals could have occurred even if the functions had been separated. Many who have reported

their satisfaction with the existing system have followed the memorialists and been impressed by the comparative infrequency of grave judicial scandals in India having their cause in the joinder of functions, and by the certainty of their being exposed to light and remedied. Scandals may to some extent exemplify the defects of a system, but there can be no doubt that, whatever system be adopted, scandals must occur. Occasionally, very rarely I hope, we find the unscrupulous officer, less infrequently we find the incompetent officer, but not so seldom do we find the too zealous officer, perfectly conscientious, brimming over with good intentions, determined to remedy evils, but altogether unable to put into proper focus his own powers and duties and the rights of others. With officers of these types—and they cannot be altogether eliminated—occasional public scandals must occur, not only in India, but elsewhere, as a perusal of any issue of *Truth* will show. I see no reason for believing that they occur more frequently in India than in England or any other country; but this at least may be said for the Indian system of criminal administration, that in no country in the world is so perfect an opportunity given for redressing such scandals when they occur.

"But though the preponderance of opinion in the correspondence is as I have stated, a deeper search reveals considerable dissatisfaction with the existing system. This is expressed chiefly in the reports of judicial officers. The faults of the system are not to be gauged by instances of gross judicial scandals. They are manifested in the ordinary appellate and revisional work of the higher judicial tribunals. In one case a sentence will be more vindictive than might have been expected if the prosecution had been a private one. In another a conviction has been obtained on evidence that does not seem to be quite conclusive. In short, there is the unconscious bias in favour of a conviction entertained by the Magistrate who is responsible for the peace of the district, or by the Magistrate who is subordinate to that Magistrate and sees with his eyes. The exercise of control over the subordinate Magistrates by whom the great bulk of criminal cases are tried is the point where the present system is defective. This control indirectly affects the judicial action of the subordinate Magistrates. It is right and essential that the work of the subordinate Magistrates should be the subject of regular and systematic control, for they cannot be relied on more than any other class of subordinate officials to do their work diligently and intelligently without it. But if the control is exercised by the officer who is responsible for the peace of the district there is the constant danger that the subordinate Magistracy may be unconsciously guided by other than purely judicial considerations. I fully believe that subordinate Magistrates very rarely do an injustice wittingly. But the inevitable result of the present system is that criminal trials, affecting the general peace of the district, are not always conducted in the atmosphere of cool impartiality which should pervade a Court of Justice. Nor does this completely define the evil, which lies not so much in what is done, as in what may be suspected to be done; for it is not enough that the administration of justice should be pure; it can never be the bedrock of our rule unless it is also above suspicion.

"Those who are opposed to a separation of functions are greatly influenced by the belief that the change would materially weaken the power and position of the District Magistrate and would thus impair the authority of the Government of which he is the chief local representative. The objection that stands out in strongest relief is that prestige will be lowered and authority weakened if the officer who has control of the police and who is responsible for the peace of the district is deprived of control over the Magistracy who try police cases. Let me examine this objection with reference to the varying stages of the progress of a community. Under certain circumstances it is undoubtedly necessary that the executive authorities should themselves be the judicial authorities. The most extreme case is the imposition of martial law in a country that is in open rebellion. Proceeding up the scale we come to conditions which I may illustrate by the experience of Upper Burma for some years after the annexation. Order had not yet been completely restored and violent crime was prevalent. Military law had gone and its place had been taken by

[*Sir Harvey Adamson.*]

civil law of an elementary kind. District Magistrates had large powers extending to life and death. The High Court was presided over by the Commissioner, an executive officer. The criminal law was relaxed, and evidence was admitted which under the strict rules of interpretation of a more advanced system would be excluded. All this was rendered absolutely necessary by the conditions of the country. Order would never have been restored if the niceties of law as expounded by lawyers had been listened to, or if the police had not gone hand in hand with the justiciary. Proceeding further up the scale we come to the stage of a simple people, generally peaceful, but having in their character elements capable of reproducing disorder, who have been accustomed to see all the functions of Government united in one head, and who neither know nor desire any other form of administration. The law has become more intricate and advanced, and it is applied by the Courts with all the strictness that is necessary in order to guard the liberties of the people. Examples would be easy to find in India of the present day. So far I have covered the stages in which a combination of magisterial and police duties is either necessary or is at least not inexpedient. In these stages the prestige and authority of the Executive are strengthened by a combination of functions. I now come to the case of a people among whom very different ideas prevail. The educated have become imbued with Western ideals. Legal knowledge has vastly increased. The lawyers are of the people, and they have derived their inspirations from Western law. Anything short of the most impartial judicial administration is contrary to the principles which they have learned. I must say that I have much sympathy with Indian lawyers who devote their energies to making the administration of Indian law as good theoretically and practically as the administration of English law. Well, what happens when a province has reached this stage and still retains a combination of magisterial and police functions? The inevitable result is that the people are inspired with a distrust of the impartiality of the judiciary. You need not tell me that the feeling is confined to a few educated men and lawyers and is not shared by the common people. I grant that if the people of such a province were asked one by one whether they objected to a combination of functions, ninety per cent. of them would be surprised at the question and would reply that they had nothing to complain of. But so soon as any one of these people comes into contact with the law his opinions are merged in his lawyer's. If his case be other than purely private and ordinary, if for instance he fears that the police have a spite against him, or that the District Magistrate as guardian of the peace of the district has an interest adverse to him, he is immediately imbued by his surroundings with the idea that he cannot expect perfect and impartial justice from the Magistrate. It thus follows that in such a province the combination of functions must inspire a distrust of the Magistracy in all who have business with the Courts. Can it be said that under such circumstances the combination tends to enhancement of the prestige and authority of the Executive? Can any Government be strong whose administration of justice is not entirely above suspicion? The answer must be in the negative. The combination of functions in such a condition of society is a direct weakening of the prestige of the Executive.

"On these grounds the Government of India have decided to advance cautiously and tentatively towards the separation of Judicial and Executive functions in those parts of India where the local conditions render that change possible and appropriate. The experiment may be a costly one, but we think that the object is worthy. It has been consistently pressed on us by public opinion in India. I have had the pleasure of discussing the question with Indian gentlemen, among others with my colleagues the Hon'ble the Maharaja of Darbhanga and the Hon'ble Mr. Gokhale Their advice coincides with my own view, that the advance should be tentative and that a commencement should be made in Bengal including Eastern Bengal. It is from Bengal that the cry for separation has come, and if there is any force in the general principles which I have expounded, it would appear that the need for a separation of police and magisterial functions is more pressing in the

two Bengals than elsewhere. One cause may be found in the intellectual character of the Bengali, another in the absence of a revenue system which in other provinces brings executive officers into closer touch with the people, another in the fact that there is no machinery except the police to perform duties that are done elsewhere by the better class of Revenue-officer, another in the fact that there are more lawyers in Bengal than elsewhere, and another, I suspect, in the greater interference by the District Magistrate with police functions in Bengal than in other provinces. These may or may not be the real causes, but most certainly the general belief is that the defects of a joinder of functions are most prominent in the Bengals, and it is on those grounds that we have come to the conclusion that a start should be made in these two provinces.

"It is a very easy matter to propose as an abstract principle that magisterial and police functions should be separated, but in the descent to actual details the subject bristles with difficulties. A solution has been attempted, and it is being sent to the two Local Governments for criticism. It is desirable that it should be submitted to the criticism of the public at the same time. I may therefore now disclose the details. But in doing so I desire to state clearly that the tentative solution is not a final expression of the decision of the Government of India, and that it is merely a suggestion thrown out for criticism with the idea of affording assistance in the determination of a most difficult problem. The general principle outlined is that the trial of offences and the control of the Magistrates who try them should never devolve on officers who have any connection with the police or with executive duties, while on the other hand the prevention of crime should be a function of the District Officer and his executive subordinates who are responsible for the preservation of the peace of the district. The outlines of the scheme, stated baldly, and without discussion, are as follows :—

(1) Judicial and Executive functions to be entirely separated to the extent that an officer who is deputed to executive work shall do no judicial work, and *vice versâ*, except during the short period when he is preparing for departmental examinations.

(2) Officers of the Indian Civil Service to choose after a fixed number of years' service whether their future career is to be judicial or executive, and thereafter to be employed solely on the career to which they have been allotted. The allotment to depend on choice modified by actuarial considerations.

(3) Officers of the executive branch of the Provincial Civil Service and, if possible, members of the Subordinate Civil Service to be subject to the same conditions as in (2), though the period after which choice is to be exercised may be different.

(4) During the period antecedent to the choice of career officers of both services to be gazetted to Commissioners' divisions and to be deputed to executive or judicial duties by the Commissioner's order.

(5) During this period deputation from executive to judicial or *vice versâ* must be made at intervals not longer than two years.

(6) High Courts to be consulted freely on questions of transfer and promotion of all officers who have been permanently allotted to the judicial branch.

(7) Two superior officers to be stationed at the head-quarters of each district, the District Officer and the senior Magistrate.

(8) The District Officer to be the executive head of the district, to exercise the revenue functions of the Collector and the preventive magisterial powers now vested in the District Magistrate, to have control over the police, and to discharge all miscellaneous executive duties of whatever kind.

[*Sir Harvey Adamson.*]

(9) The magisterial judicial business of the district to be under the senior Magistrate, who will be an officer who has selected the judicial line—either an Indian Civilian or a Deputy Magistrate of experience. He will be the head of the Magistracy and his duties will be (1) to try important criminal cases, (2) to hear appeals from second and third class Magistrates, (3) to perform criminal revision work, and (4) to inspect Magistrates' Courts. In districts where these duties do not give him a full day's work he may be appointed an additional District Judge and employed in civil work and in inspecting Civil Courts. If, where the senior Magistrate is an officer of the Provincial Civil Service, it is considered inexpedient on account of his lack of experience to give him civil work, he may be appointed Assistant Sessions Judge. In either capacity he would give relief to the District and Sessions Judge.

(10) At head-quarters of districts, where there are at present Indian Civilians, Deputy Magistrates and Sub-deputy Collectors, a certain number to be deputed to executive and the remainder to judicial work.

(11) Sub-divisional boundaries to be re-arranged, and each district to be divided into judicial sub-divisions and executive sub-districts. The boundaries of these need not be conterminous. The area of a judicial sub-division to be such as to give the judicial officer in charge a full day's work, and similarly with executive sub-districts. Boundaries to be arranged so as to disturb existing conditions as little as possible.

(12) Thus the whole district is divided into—

A. Executive—

(*a*) Head-quarters,
(*b*) Sub-districts,

and also into—

B. Judicial—

(*a*) Head-quarters,
(*b*) Sub-divisions,

and the staff is divided into—

A. Executive, under the District Officer, namely:—

(*a*) The District Officer.
(*b*) A certain number of Indian Civilians, Deputy Collectors and Sub-deputy Collectors at head-quarters.
(*c*) An Indian Civilian or Deputy Collector for each sub-district.

B. Judicial, under the senior Magistrate, namely:—

(*a*) The senior Magistrate.
(*b*) A certain number of Indian Civilians, Deputy Magistrates and Sub-deputy Magistrates at head-quarters.
(*c*) An Indian Civilian or Deputy Magistrate for each sub-division.

(13) The District Officer to be empowered as a District Magistrate, and certain other executive officers to be empowered as first class Magistrates, solely for the performance of the preventive functions of Chapter VIII (omitting section 106) to Chapter XII of the Code of Criminal Procedure."

[*The Commander-in-Chief; the Lieutenant-Governor.*]

His Excellency THE COMMANDER-IN-CHIEF said :—"The Hon'ble Mr. Gokhale and some other Hon'ble Members alluded to a possible reduction in military expenditure consequent on the recent Agreement and the cordial relations which so happily exist between a great northern Power and ourselves.

"The Council may rest assured that this factor has by no means been lost sight of, nor has it been underrated; but it must be remembered that other weighty considerations affecting the external and internal security of this country have to be kept constantly in view."

His Honour THE LIEUTENANT-GOVERNOR said :—"Your Excellency, as there are but few points raised in this discussion to which I need refer in this place, I have very few remarks to make. On some points I shall have to speak in my own Council; and in respect to one, the immensely important matter of the relation of executive and judicial functions, it will be my duty to submit my views to the Government of India before communicating them to the public.

"I regret that the Government of India have not considered it advisable to give any assistance to Local Governments in respect of the expenditure involved in compensation to Government servants for the dearness of grain. This expenditure is not trifling. In Bengal it was about ten lakhs during the current year, and is estimated at about nine lakhs for next year. It is, in great degree, an indirect result of famine; and the analogy of the financal arrangements to assist Local Governments in famine relief, might lead to the hope of assistance here also. I do not, however, desire to press any complaint in view of the difficulties of the financial situation.

"I regret that while in almost all other provinces all the local rates have been surrendered to local purposes, the public works cess in Bengal is still taken as a part of the general revenues. I have no doubt, however, that the localisation of the public works cess is accepted as a reform to be undertaken at the earliest opportunity.

"I am thankful for the assistance given to enable the Local Government to continue to push forward much-needed reforms in the police. I congratulate my Hon'ble friend on his able and successful handling of a difficult situation. He has not been able to continue in some of its lines the liberal and beneficent policy which he has hitherto pursued; but, in spite of the existence of a famine, he has framed a budget which inspires nothing but hope.

"I should like in conclusion to say a word in regard to the remarks which have fallen from my Hon'ble friend Mr. Apcar regarding the Calcutta Improvement Scheme. I hail with pleasure the vigour of his statement of the necessity for that Scheme. I share with him the satisfaction with which he must have heard from the Hon'ble the Home Member that the scheme, while lost to our view, was making progress. We are not indifferent to the scheme; and we desire to push it forward.

"At the same time I should like to point out to my Hon'ble friend that his statement was somewhat defective. He read to us an indictment framed years ago against the sanitation of Calcutta. But he did not tell us whether every word of this is still true. That indictment pointed out defects which only a great improvement scheme will remove. But it also indicated great defects due to neglect of measures within the power of the Corporation. I do not know how far my Hon'ble friend's business or inclinations lead him into the city, and how far he could tell us of its present condition. I am sure that, if he has ascertained the facts, he will admit that things have improved very considerably not only in regard to the formerly neglected parts of ordinary sanitary work but also in regard to the treatment of bustis.

"In another respect my Hon'ble friend failed in applying his quotations of the literature of 1898 to the present time. He quoted Sir Herbert Risley's views as to the necessity for giving the mercantile community their true place in the work of the Corporation. He did not go on to tell us that the constitutional

charge which Sir Herbert Risley was advocating was then and there carried out, and that the mercantile community were called to a front place. Their responsibility for municipal work is real and most important. It has been so for ten years; and it will continue to be so. The Calcutta Improvement Scheme will not do everything. It will not relieve the Corporation of its responsibility for the sanitary state of Calcutta and for municipal work in general. The mercantile community took their place in the Corporation eagerly ten years ago. Lately there have been signs of the cooling of their zeal. Their loss of interest in the work would be a very great calamity. I trust that the remarks of my Hon'ble friend, and the deep draughts he offers of the vintage of 1898 may restore their former enthusiasm and prevent them from growing weary in well doing."

The Hon'ble MR. BAKER said:—"It is within the bounds of possibility that this may be the last occasion on which the debate on the budget will be conducted under the present regulations. Before next March comes round, it is at least conceivable that the reform of procedure indicated in the Home Department circular of the 26th August last, or something of that nature, may have come into operation. In this view I had the curiosity the other day to turn up the report of the first budget debate that took place under the regulations that are now in force. It was in 1893, just 15 years ago. It is true that the Council had not then been enlarged; that came a year or two later, and the total number of non-official Members was only five, one of whom, the Hon'ble Dr. Rash Behary Ghose, is an honoured Member of the Council at the present time. That was however the first occasion on which the Financial Statement was presented for discussion by the Council in accordance with the statute of 1892; and it is impossible not to be struck by the change that has come over the financial position, and also the character of the debate, during this period of 15 years.

"At that time the whole subject of Indian finance was overshadowed by the question of sterling exchange. The bottom seemed to have fallen out of silver altogether: it was anticipated that the United States would shortly cease their purchases; the Indian Mints were still open to free coinage; the Brussels Monetary Conference had separated without coming to any agreement; Lord Herschell's Committee was sitting, but no remedy had yet been devised for the grave danger which occupied men's minds in this country to the practical exclusion of everything else. Sir D. Barbour estimated exchange for 1893-94 at 1*s.* 2¾*d.* to the rupee, and this rate eventually proved to be in excess of the actual figure. The Finance Minister was compelled to estimate for a deficit of over 1½ crores in 1893-94, following on one of over a crore in the previous year, and he made it clear that his calculations must only be regarded as provisional and intended to fill the interval that must elapse till the currency problem had been settled one way or another. The capital grant for Irrigation Works was 75 lakhs, or just one-half of what we are now providing for next year. For Railway construction and development, those of our critics who are not satisfied with an allotment of 15 crores, may be interested to know that 15 years ago we were only able to provide 280 lakhs for State Railways and 307 lakhs for Companies' lines, or 587 lakhs in all, *i.e.*, little more than 40 per cent. of the grant for next year.

"It is not, however, so much the alteration in the financial situation that I wish to dwell upon. What has impressed me most is the character of the debate in the Council of that day. It was a real debate on the budget. The speeches were for the most part a good deal briefer than has been the custom of late years, and scarcely any point was raised or question put which was not closely connected with the Statement before the Council. Thus Sir J. Mackay, the Commercial Member, discussed the all-important currency question, and vigorously advocated the adoption of the gold standard. Sir Griffith Evans criticised the Home charges, especially the cost of the India Office, commented on the growth of the Army charges, and urged that the deficit was really due in part to the retention of the famine grant. Another Member asked for information regarding the rupee loan, and suggested that a part of the cash balances should be invested. A fourth proposed to reduce the famine grant, commented on the variations between the percentage of collection charges in

[*Mr. Baker.*]

the different provinces, advocated the reduction of registration fees, and greater liberality in the issue of takavi loans. The Hon'ble Dr. Ghose confined himself to a very brief expression of doubt whether the time was opportune for the grant of compensation to the services for the fall in exchange. The replies of the official Members were rather longer, but I should imagine that the entire proceedings must have been completed before the luncheon interval.

"Anyone who has followed the discussions for some years past will readily perceive how far we have travelled since 1893. It has become a commonplace of criticism that the so-called budget debate bears little or no relation to the budget. The observations made range over almost the whole field of Indian administration, but a great proportion of the points that are pressed upon us have no financial bearing or only a nominal one. We are frequently told in the Press that these discussions are unreal and devoid of interest and that they lead to nothing. I think that this criticism may easily be pushed too far, for it is beyond doubt that many of the comments and suggestions that fall from Hon'ble Members, whether strictly relevant to the budget or not, are thoughtful, suggestive, and instructive and they commonly deserve and invariably receive the attentive consideration of Government. Many illustrations might be given of this, but I will merely point to the exclusion from our accounts of the transactions of Local Funds, of which a description was given in the Financial Statement, and which followed a suggestion made in last year's debate.

"However that may be, Your Excellency's Government have recognized the defects of the practice which prevails under the existing regulations, and have expressed their desire to bring the debates into closer relation with the financial policy and administrative decisions of the Government. I have endeavoured to show that those defects were less noticeable at the outset of the present system; they have been the growth of later years, and may possibly be connected with the greater size of the enlarged Council. If the Council is still further enlarged, the need for stricter regularity in procedure and closer insistence on the rules of relevancy will become imperative; and I think that the experience of 1893 (and, I may add, of other years also) shows that the debates need not thereby lose anything in force, freedom or value.

"In making these remarks, it is very far from my intention to make any reflection on the comments which we have heard today. On the contrary, I think that many of them are very much to the point; and I shall now proceed to reply to some of the more important among them.

"In the first place we take note of His Honour the Lieutenant-Governor's remarks about grain compensation. That is now a considerable charge on the Provincial finances and no provision was made for it in the present Provincial settlement. I had not realised that it was so much as 9 lakhs in Bengal, and I admit that is a heavy burden on the province. It is impossible to make any promise now, but I may say that we shall be ready to see what can be done when more favourable times comes round.

"I fear that I can hold out no expectation of any increase to the Provincial assignments to Burma. This question was fully and sympathetically considered last year and we are satisfied that this Province has, under its present settlement, received as much as it is fairly entitled to. I observe that its Budget provides for an expenditure of more than 97 lakhs for public works, which is far in excess of any other Province. For Railways I notice that the Railway Board have allotted considerably over 80 lakhs to various lines in Burma, and I think that is not an illiberal proportion of the total grant.

"I do not understand why the Hon'ble Member complains that Burma receives no part of the export duty on rice. That duty is not at all suitable for provincialisation, because it is liable to violent fluctuations according to the demand from India, and if we gave the Local Government a share in it, the Provincial finances would be liable to be upset by causes over which the Government had no control.

[*Mr. Baker.*]

"I am glad to learn, from the remarks that have fallen from the Hon'ble Mr. Sim, that the Madras Government appreciates the terms of the settlement which, subject to the Secretary of State's approval, has been framed for that Province. The traditions of Madras have long been characterised by economy and the careful management of its finances, and I do not doubt that the enhanced resources which will now be placed at its disposal will be usefully and economically applied.

"The Hon'ble Mr. Reynolds has pointed out that the expenditure which his Province has been forced to incur on famine relief in the two years 1907-1908 and 1908-1909 has largely exceeded the sum of 30 lakhs which represented the reserve of credit to which it was entitled under the scheme introduced last year. What he says is perfectly true. In the two years, the charge on this account will amount to 167½ lakhs, and of this, under the terms of last year's scheme, 95 lakhs are Imperial, while 72½ would have been Provincial had the Province been able to find the money. This means that the famine in the United Provinces falls into the third of the three categories provided for by the scheme. We acknowledge that further assistance is required, and, as is expressly explained in the body of the Financial Statement, that assistance is being freely given, though the full measure to be accorded cannot properly be determined till later on. I do not think that the Hon'ble Member need feel any apprehension that he will be dealt with in an illiberal spirit. Both he and also the Hon'ble Munshi Madho Lal have been good enough to acknowledge the favourable nature of the terms accorded in the new Provincial settlement, and that is evidence of our desire to deal with the United Provinces as handsomely as we can.

"As regards the other four Provinces which have been affected by the famine, but in a less degree, I have explained in paragraph 62 of the Financial Statement that last year's scheme has operated with entire success and has relieved their finances entirely from disorganisation.

"I have listened with interest to the Hon'ble Mr. Reynolds' account of the measures which the Local Government is organising to combat the ravages of plague. The same is being done in other Provinces where the epidemic has been most widely prevalent, especially Bombay and the Punjab, and the Government of India are hopeful that the special grants which they are now allotting for this purpose will enable every Local Government at least to make a beginning with this most important work. It has been alleged that the grants are inadequate. I think, however, that reasonable persons will admit that with the limited resources available in the present year, we have done as much as could fairly be expected, and it is moreover open to doubt whether, in the first year of the campaign, larger sums could be spent to advantage. I can give no pledge for the future: but it is betraying no secret to say that the matter is one which Your Lordship has very much at heart, and when better times come round, the public health will stand an excellent chance of sharing in any further assistance which it may be in our power to bestow.

"The Hon'ble Mr. Chitnavis has invited us to impose a protective import tariff in the interest of indigenous industries and further asks us to consider the question of abolishing the excise duty on Indian cotton piece-goods.

"I scarcely think that the Hon'ble Member can expect that any action will be taken on his suggestion. The last general election in England was fought mainly on the issues of tariff reform, preference and protection, and the verdict of the electors was sufficiently decisive. If Your Lordship's Government were so misguided as to put forward proposals for the introduction of a protective tariff, it is not difficult to imagine the answer we should receive from the House of Commons, more especially as protective duties, if imposed at all, would necessarily be directed especially against British manufacturers who are far and away our principal rivals in the Indian market.

"Why the Hon'ble Member complains that the excise on Indian salt brings in a larger revenue than the corresponding import duty is difficult to understand. The rates of duty are exactly the same, and the only reason why the

former is more productive is that much more salt is produced in India than is imported from abroad. I should rather have expected the Hon'ble Member to rejoice at this striking evidence of the flourishing condition of a truly swadeshi industry.

"The cotton excise duties are a subject on which it is necessary to speak with some reserve. We are all aware of the circumstances in which they were imposed in their present form in 1896; I do not think that those circumstances have undergone any material change since then; and if that is so, it seems to be certain that if Parliament were approached with a request for the abolition of the duties, the reply would be that this could only be permitted if the import duties on cotton goods were simultaneously removed. I do not know how the Hon'ble Member would regard such a contingency; but for my part, I should regard it as calamitous. The import duties on cotton piece-goods have latterly yielded over a crore of rupees per annum, and for the current year they are estimated to yield over 150½ lakhs. Adding to this 32½ lakhs for the excise duties, the total loss of revenue involved would be close upon a million and a quarter sterling. We are certainly not in a position to face any such s crifice of revenue. Even this is by no means all. It would be quite indefensible to retain our general import tariff, if we exempt from it the largest and most important staple of import. If the cotton duties were abolished, it would be impossible for long to maintain the import duties on other goods, and the revenue from these—putting aside the duties on articles subject to a special tariff—amounts approximately to 3 crores. The Hon'ble Member's proposal would therefore lead us by rapid stages to a total loss of revenue of over 4½ crores per annum and would place us in a position of extreme embarrassment. We should be compelled to redress the balance either by curtailing most necessary and desirable expenditure, or by the imposition of fresh and less appropriate taxation. In my view this would be doubly disastrous, for I venture to hold that there is scarcely any source of revenue which is so well adapted to the conditions of India as import duties, provided always that they are pitched on a moderate scale.

"Nor can I admit that the excise duties have in practice checked the development of the Indian mills. From 1896-97 to 1906-07 I find that the outturn of woven goods in these mills has increased from 81 million lbs. to 165 million lbs. or by 103 per cent., whereas the output of yarns, on which there is no duty, has increased by only 56 per cent in the same period.

"More than one Hon'ble Member has referred to the table relating to the taxation of Salt given in paragraph 41 of the Financial Statement, and some gentlemen seem to take exception to the figures of incidence per head of population, on the ground that the wealth of the various countries mentioned is different, and that therefore the true burden of the tax is not measured by its absolute amount. To that view I readily assent, but I would add that no nference on the subject was suggested or intended. My object in inserting paragraphs 40 and 41 of the Financial Statement was quite different. People in this country often speak as though India was the only country in the world which raises a revenue by taxing a necessary of life like salt. I desired to show that this was an entire mistake: and that if we do sin in this respect, at least we sin in numerous and respectable company.

"I note with pleasure the zeal of the Hon'ble Tikka Sahib in the cause of temperance. I can assure him that the matter is very seldom absent from our thoughts, and that we are making steadfast and unceasing efforts to prevent the evil of intemperance from arising in India. Three years ago, I pointed out in this Council how insignificant the actual consumption of alcohol is in India, and also showed that there had been a distinct reduction in the consumption per head during the past 20 years. Since then we have had the advantage of studying the valuable report of Sir James Thomson's Excise Committee of which I gave some account last year, and the Hon'ble Member may be assured that step by step we are bringing into operation the approved reforms which were advocated by that body.

[*Mr. Baker.*]

"I am sorry to learn that the Hon'ble Member is disposed to class tobacco with intoxicants. Tobacco may be abused like anything else: and no doubt it is deleterious to children. But when used in moderation I believe it to be free from objection. It certainly is one of the very few luxuries of the poor in this country, and I should be exceedingly sorry to see its legitimate use interfered with.

"In the Financial Statement I advisedly abstained from enlarging on the question of Railway finance, for the reason that this matter has been remitted by the Secretary of State for consideration by Sir J. Mackay's Committee, and until their report is received and considered it seems a mere waste of time for us to propound our views regarding it. I shall follow the same course now, and the only reason why I advert to the matter at all is that the Hon'ble Mr. Apcar may not be led to suppose that Government is either deaf or indifferent to the arguments which he has addressed to us with so much authority and force. The Committee is one of the strongest that could have been constituted for this purpose, and it is fair to anticipate that unless the problem is really insoluble (which is not to be believed), they will devise a satisfactory solution.

"His Excellency the Commander-in-Chief has alluded to the Convention with Russia, and the degree to which it affects the military situation in India. I will merely add that full account was taken of these considerations in framing our military budget, and that but for this it is probable that the estimate of special expenditure for the improvement of the Army might not have been fixed at the moderate figure at which it now stands.

"In the interesting and suggestive speech of the Hon'ble Maharaja of Darbhanga there is one proposal which concerns the Finance Department in a special degree. I refer to the suggestion that the budget should be presented early in January, and that the official year should terminate on the 31st December instead of the 31st March. It is clearly impossible to give an opinion off-hand on so sweeping a change, which might have more far-reaching consequences than would appear at the first glance. I will have the matter looked into, but *primâ facie* I foresee considerable difficulty and not a few objections, and I am not sanguine that the change desired by the Hon'ble Member will commend itself to Government or the Secretary of State.

"I observe that Mr. Gokhale is inclined to doubt whether the financial situation is at present stronger than it was in 1900-01. I think, however, that if the late Sir Clinton Dawkins were alive, he would readily endorse my view. The Hon'ble Member refers to the Provincial deficits of 1½ crores and argues that if these are taken into account there would really be a deficit of 115 lakhs. I explained last year at some length how these Provincial surpluses and deficits operate, and I will not go over the ground again. But the plain truth is that these deficits are really an indication, not of weakness, but of strength. They mean that the Local Governments have built up reserves of cash or credit, on which they are able to draw in times of stringency, and which enable them to carry on the administration of the country unimpaired and without being crippled by the temporary contraction of their revenues. The Hon'ble Member acknowledges that the level of taxation has been lowered since 1900, but thinks that that does not alter the real character of the comparison. I think I understand what the Hon'ble Member means; but surely remissions of taxation aggregating some 5 crores of rupees per annum are a most substantial reserve of financial strength? That reserve had no existence eight years ago. I am unable to understand on what reasonable ground they can be left out of account in comparing the position at the two periods.

"Mr. Gokhale has asked us whether we cannot add another table to the Financial Statement in order to show our revenue and expenditure net, instead of gross as at present. There is so much pressure on our establishment at the time the budget is compiled that I am reluctant to add to their burdens by prescribing another statement. But *primâ facie* it does not seem as if the statement which the Hon'ble Member desires would give much trouble, and

[*Mr. Baker.*]

I dare say that there might be some advantage in presenting the figures net as well as gross. I will therefore consider the suggestion and see what can be done. Meanwhile, I would ask him to look at the statement numbered E at page 93 of the Financial Statement. This seems to give most of the information he requires, and possibly it may be sufficient for his purpose.

"The Hon'ble Mr. Gokhale has renewed his appeal to us to apply our surpluses, not to the construction of public works but to expenditure on sanitation. This question has formed the subject of discussion at at least two recent budget debates, and I fear the Hon'ble Member and the Government are irreconcilably divided, and can only agree to differ. Apparently he would like us to set aside the whole or some part of each surplus as it occurs, and to hand it over in a lump to the Local Governments, not for immediate expenditure, but to be put into a separate pocket, and doled out from time to time for expenditure on local sanitation. Now the Government of India are fully alive to the importance of doing what is possible for the improvement of the public health, and the recurring grant of 30 lakhs which they have just assigned to Local Governments is some evidence of the interest they take in this matter. But the course advocated by the Hon'ble Member is not in our judgment the proper way to deal with the problem. It is a fundamental principle of modern public finance that current expenditure shall be met from current revenue. Sanitation is current expenditure, and should therefore be financed from current revenue, and not from windfalls. Cases may no doubt arise in which it is convenient or advantageous to apply an unexpectedly large surplus to some special object of a non-recurring character. When that has seemed to be the case we have not hitherto shown any pedantic insistence on theoretical principles. But it is not sound finance to attempt, as a regular procedure, to provide funds for a permanent and continuing public service from sources which are necessarily spasmodic and precarious. When a surplus does occur, it cannot as a rule be more usefully applied than in reduction of the national debt, which is the residuary legatee of all moneys not required for current expenditure. I should be only too glad if I could see the Hon'ble Member's hope realised, and a million sterling a year provided by Government for the improvement of public sanitation; though I fear that this consummation is likely to be delayed. But if it should ever come about, the money must be found from current revenue, and not be dependent on the occurrence of surpluses, large or small.

"The Hon'ble Mr. Gokhale has referred to the question of our cash balances, and has reminded us that in 1876-77 the Government of Lord Northbrook thought it sufficient to provide for a closing cash balance of 13½ crores whereas for next year we estimate for one of 18¼. Mr. Gokhale mentions a figure of 25 or 30 crores; but, at least within recent times, we have never had a balance anywhere near that amount.

"It is however not really to the point to look at the closing balance of the year. What we have to consider is the period of minimum balances. There are certain months of the year, August, September, October and November (and sometimes also December), in which the revenue we receive is far less than their proportionate share. During those months therefore our balances always run down: and the end of November (or occasionally December) is ordinarily the time when our balances are lowest. It is of course essential that we shall at all times have sufficient till money in each of our numerous treasuries, which are over 250 in number scattered all over the country, to enable us to meet all our obligations at a moment's notice, without risk of even temporary default. Our position in that respect is that of a Bank with a number of branches, each of which must be maintained in a solvent condition on every day of the year. In 1888 Sir J. Westland, who had special experience of this subject, calculated that 8 crores of rupees was the lowest sum with which it was possible to carry on our treasury business. That is 20 years ago. Subsequently, as a result of the gradual development of our transactions, he raised this figure to 9 crores. Sir Edward Law, who paid much attention to the matter, again raised it to 10 crores: and since his time, it has been our policy to increase it still further to

[*Mr. Baker.*]

12 crores. I do not believe that that is a bit too much for safety, but as a matter of fact we have barely succeeded in reaching it. This figure of 12 crores represents the point below which our balances cannot safely be allowed to fall, even at the time when they are lowest, *i.e.*, ordinarily at the end of November. It necessarily follows that at other seasons they will automatically stand at a higher level. The figure of 18¼ crores which we reckon on for next year is merely the March equivalent of 12 crores, or thereabouts, in November. The increase since Sir J. Strachey's time is really very moderate. In 1876-1877 our total transactions in India, including capital and debt, receipts and disbursements, amounted to 204 crores. In 1906-1907 they had risen to 552 crores. The increase in our cash balances by less than 5 crores is manifestly in a far smaller proportion, and it would certainly have had to be very much greater had it not been for the great intermediate improvement in communications, which has enabled us to mobilise our resources with a rapidity that would have been impossible thirty years ago.

"We have heard a good deal today about the high range of prices, and the distress which this undoubtedly causes to certain classes of the population. Various opinions have been expressed on the subject and Government has been pressed to appoint a committee to enquire into the matter. Some days ago, in answer to a question in Council, the Hon'ble Mr. Miller stated that we were considering the question of appointing such a committee, which would include representatives of the public, to enquire into the matter. If that course should presently be adopted, it would clearly be inconvenient that we should prejudge the question now or commit ourselves in advance to any particular theory which further investigation might show to be ill-founded. In that view, I wish to add as little as possible to what has fallen from my Hon'ble Colleague on this subject.

"One suggestion however has been made which I do not wish to pass over altogether in silence. It has been suggested that the prevailing high prices of food grains may be connected in some way with the large additions that have been made to the rupee currency during the last few years. Here also, I do not wish to speak dogmatically, or to pledge the Government to any positive theory. I shall deal presently in more detail with Mr. Gokhale's remarks on this subject. But apart from detail there are two considerations which seem to be inconsistent with the view that has been put forward, and which will certainly require to be very fully examined and explained before the latter could be accepted.

"In the first place, the whole of the new coinage that we have undertaken during this period has been undertaken solely to meet the demands of trade. Not one single rupee has been added to the circulation except to enable us to meet those demands: and, so far from being ahead of trade requirements, it will I think be generally agreed that our tendency has been rather to lag behind them, and to work on too narrow a margin, until in 1906 we established the silver branch of the Gold Standard Reserve. Now, I would remind the Council of the dictum of Sir Clinton Dawkins on this subject. Eight years ago, he pointed out that 'as long as Government refrains from coining rupees except upon the demand of trade, there can be no dilution of the currency.' As I said just now, we have always invariably conformed most strictly to this condition, and if Sir C. Dawkins' principle is sound, as I believe it to be, our action cannot have led to any dilution of the currency. I am aware that it may be alleged that rupees coined in answer to trade demands may not be redundant so long as the demand exists, but that when it slackens off, they have no outlet, and then become redundant. I shall return to this a little later. But whether that be so or not, the history of the present rise of prices lends no colour to the argument. For the activity of Indian trade, and the consequent demand for currency, were as prominent and vigorous as ever down to August of last year: and if the argument were sound there would have been no redundancy until six months ago. Yet we know well that the rise of prices began long before then. In 1904, when the prices of food stuffs were lower

[*Mr. Baker.*]

than they had been for a decade, the index number of 7 selected food grains was 117. In 1905 it was 147: in 1906 it was 179: and in 1907 it was practically the same, *viz.*, 178. It is evident therefore that whatever the cause of the rise in prices may be, it must have been in active operation long before there was any possibility of a redundancy of the coinage.

"The second point to which I wish to draw attention is this. If it were the case that the cause for which we are seeking is to be found in the additions to the coinage, its effects would have made themselves apparent not merely in the prices of food grains, but in those of other principal staples as well. Now this is not the case. I have taken out the figures for a number of non-food staples, comparing the price in February 1908 with that in February 1906, and though they exhibit great differences, yet there are only three articles, *viz.*, oil seeds, cow hides, and raw tobacco, in which there has been an increase in price comparable to that which has taken place in food grains during the same period. Of the remainder some have remained stationary while others have actually decreased. Thus in the great cotton industry cotton yarn has fallen in value by 23·5 per cent, T. cloths by 14·3 per cent, longcloths by 7·3 per cent, and chadars by 12·2 per cent; and raw cotton has remained steady with a nominal advance of 2·28 per cent. Raw jute has fallen by from 24 to 36 per cent according to the marks; and gunny bags by 16·1 per cent, while Hessians have advanced by only 2·1 per cent. Petroleum has varied according to brands, but the average rise is only a little over 5 per cent, and buffalo hides have remained unchanged. If the increase of the currency was the *causa causans* of the rise in food grain prices, it must equally have tended to raise the price of each of these staples also; and those who hold that view will have to explain why it has failed to affect them.

"The only other remark I have to make on this subject is this. If the rise in the rupee price of food grains were really due to an excessive supply of rupees, one would naturally expect to see the gold value of the rupee depressed in something like the same proportion. Now that is notoriously not the case. That sterling exchange is inclined to be weak at the present moment is true, and in the Financial Statement I have endeavoured to trace the causes of this. But, except for a very short period in the end of November, the exchange value of the rupee has all along been maintained above gold export point, which means that it has maintained or very nearly maintained its parity with gold. So long as the rupee is linked with gold and not with silver, and represents a fixed fraction of a sovereign, rupee prices must bear a close relation to gold prices. India is by no means the only country which is experiencing high prices at present. The same phenomenon is also affecting countries so widely different as England, Germany, Egypt, and Japan. According to the index numbers of the *Economist*, gold prices have risen by 30 per cent during the five years ending July 1907, while the corresponding rise in rupee price of 7 selected food grains during the same period has been 26 per cent. I have no intention of committing myself on a matter so obscure and controversial, yet I may perhaps go thus far, that it would be a matter for little surprise if, as a result of enquiry, it should be found that the movements of rupee prices in India, in so far as they are not due to local and temporary causes, are traceable to some cause connected with the value of metallic money, both gold and silver, in the markets of the world.

"I will now return for a moment to the question of the additions made to the coinage in late years. The Hon'ble Mr. Gokhale has drawn attention to the large output of rupees during this period, and has told us that it greatly exceeds the average coinage before the mints were closed; and he suggests that the currency thus swollen may become redundant, and lead to a general rise of prices.

"There is not the least reason to apprehend any undue increase of the circulation. The fact is that the figures presented by the Hon'ble Member are quite misleading and give a most inaccurate view of the true facts. He gives us

[*Mr. Baker.*]

certain figures which he says represent the average annual coinage of rupees for a number of years *minus* old rupees recoined. But he omits the six years from 1894 to 1899 on the ground that during that period little or no coining was done. But the fact that no additions were made to the currency for six years is a most important element in the case, and it is wholly misleading to omit this period. Again, he makes no deduction for the recoinage of old rupees during the last three years, 1905 to 1907, but thinks that the number must have been small. That is quite incorrect. At all times, both before and since the closing of the mints, defaced and light weight rupees were constantly being withdrawn and recoined, and part of the new coinage was merely to replace these. But during the last few years we have gone much further than this. We have been calling in the rupees of the issues of 1835 and 1840, *i.e.*, all rupees issued before 1861. These are now never re-issued to the public, but are melted down and recoined and a very considerable part of the apparent additions to the coinage is merely the replacement of these. It is also necessary to deduct the 6 crores of rupees which have been coined for the silver branch of the Gold Standard Reserve, for these have not been put into circulation and never will be except temporarily to meet a sudden emergent demand. The correct figures to look at are those which represent the net additions to the coinage, year by year. We maintain a complete account of these, and I will ask the Council to accept them in lieu of those presented by Mr. Gokhale. If we examine these figures, we shall find that during the 15 years that have elapsed since the closing of the mints, the net additions to the coinage have amounted to a little less than 84¾ crores. This represents an average of a little more than 5½ crores a year. Now in the 15 years immediately preceding the closing of the mints, the net additions to the coinage (after making the same allowance for withdrawals) amounted to over 105 crores of rupees, or slightly more than 7 crores a year. It is quite true that in the former period there was a certain diminution by melting and that this does not occur now. But, on the other hand, as the volume of the circulation grows, the annual loss by wastage and wear and tear also increases, and it has been estimated that the yearly reduction at present is about as great as it was formerly. I may mention that this annual wastage has been estimated at about 4 crores a year. Moreover, during the last 15 or 20 years the population, wealth and trade activity of India have expanded enormously, and it is manifest that a much larger circulation is required now than was sufficient in former times. When in addition to these considerations it is remembered that the annual addition to the coinage is now less by 1½ crores a year than it was 15 years ago, I do not think there need be the smallest apprehension of redundancy.

"If the above view is correct Mr. Gokhale's question is of no present practical importance, and I am generally averse from discussing questions which are merely academic. The suggestion moreover involves the assumption that a redundancy of currency is in fact possible, and that if it did occur it would lead to a rise of prices. This is a highly controversial matter and one which is quite inappropriate for discussion in this place. If however we assume for the sake of argument that the currency did become temporarily in excess of requirements, and that the excess was greater than could speedily be cleared off by ordinary wastage, then there is still no fear that such a condition of things could last. In a country with an automatic currency, when the circulation is temporarily redundant, the surplus flows away under the ordinary operations of trade in the form of exports of coin. That outlet is not available in India, because rupees can only be exported at their bullion value, and the loss of doing this would be prohibitive. But we have provided another outlet for the excess. This may be applied in two ways, *viz.*, either we may give gold in exchange for rupees, in which case the gold will be available for export; or, when this is inconvenient or impracticable, we may sell bills on London. This latter course was indicated in the Financial Statement, and was brought into operation two days ago. Each of these methods has the same effect on the currency. They draw off the surplus rupees, and withdraw them from the effective circulation until the demand once more revives and the temporary redundancy has ceased.

[*Mr. Baker*; *the President.*]

The machinery which enables us to apply these remedies consists of the gold in our currency reserve in India and London, and the gold securities and gold in the Gold Standard Reserve. These two resources combined now stand at over 20 millions sterling, or 30 crores of rupees, and if applied to this purpose would enable us on occasion to contract the circulation by about one-sixth of its total amount.

"In conclusion, I have only to acknowledge the generally favourable spirit in which the budget has been received by the Council, and the frank and friendly nature of the observations and criticisms which have been made upon it. We are well aware that it is not a progressive budget: we are in fact only marking time. But when it is remembered that we are combating a serious famine, which will cost us over 2 crores of rupees in direct famine relief besides suspensions and remissions of Land Revenue exceeding 3½ crores more, I think we have some reason to congratulate ourselves that we are indeed marking time, and not falling back. Of the latter there is neither sign nor apprehension, and, as I said last week, if the ensuing rains should be of a normal character, there is every reason to hope that the prosperity and progress of the country will speedily resume their forward course."

His Excellency THE PRESIDENT said:—"Last year it was my good fortune to be able to congratulate the Hon'ble Mr. Baker on the general prosperity which continued to assure the success of his financial policy, and though today we have been called upon to consider a Budget framed, I regret to say, under very different conditions, I cannot but express to him my appreciation, in which I know my Colleagues will share, of the administrative ability which has enabled him so well to meet a period of financial strain. We have again to deal with a famine, less serious no doubt than that of 1897 or 1900, but bringing with it much misery and suffering for the people of India, making heavy calls upon our revenue, and grievously delaying expenditure which last year we had every reason to hope might be still further devoted to the development of the country and the welfare of its population.

"The extent and severity of the present famine is perhaps not quite fully realised, or possibly the knowledge that far better machinery exists for coping with distress than was available in former years has relieved the anxiety of the public—forgetful of the demands entailed upon the public purse. The Hon'ble Mr. Baker has told us that in the present year over 2 crores of rupees have been already distributed in the afflicted districts, and that 2 crores are being provided for issue next year—in comparison with 2·3 crores in 1896—1898 and 2·9 crores in 1899—1901. But it is money well spent, for, with the terrible history of former famines still fresh in our memories, I cannot but think we may gratefully recognise the results of past experience in the administrative efficiency which has enabled us, with no greater strain, to provide for a famine area of approximately 150,000 square miles, with 1½ millions of persons in receipt of relief.

"And in the midst of all this distress a ray of sunshine lights up the gloomy outlook, for the ravages of the plague are weakening. The total deaths from plague in Bombay, the United Provinces and Punjab in 1908 are very much lower than those of the corresponding period in 1907. I find that in January and February of the latter year, the deaths in those provinces were 44,319 and 78,063 against 7,445 and 11,898 in January and February of this year, whilst the total deaths in January and February 1907 were 122,382 against 18,343 in the same months of this year—an enormous reduction in mortality, and, allowing for climatic influences, I trust that we may not be too sanguine in hoping that this terrible scourge is at last beginning to give way to scientific research and to the energy of our officers assisted by the people themselves. The Hon'ble Mr. Reynolds has told us of the efforts made by the Government of the United Provinces to familiarise the people with the idea of inoculation, and of the reassuring effects of His Majesty's gracious

[*The President.*]

letter of sympathy—and though I am well aware that, as the Hon'ble the Maharaja of Darbhanga has told us, the sources of plague, as of many other dire diseases, are to be found in the absence of effective sanitation, we must remember that effective sanitation in its modern sense is often opposed to long established customs which cannot be immediately thrown aside, and whilst persistently aiming at improvements in that direction we shall I am sure for long be compelled to rely much upon those experimental measures which have already been so beneficial when systematically adopted.

"To return for a moment to the famine. I cannot entirely follow the arguments of the Hon'ble Mr. Chitnavis as to its causes. He admits the necessary results of a failure of the monsoon, but wonders that the same cause does not produce the same disastrous results in other countries. Now all agricultural countries are peculiarly dependent on the seasons, drought and storms are everywhere answerable for much ruin, but I know of no agricultural country so peculiarly dependent on climatic conditions as India is on the monsoon. A failure in the monsoon must mean scarcity of produce, and consequent distress—and so I am afraid it must always be—except that I firmly believe that new conditions will arise as India develops, not to take the place of a good monsoon, but to afford employment and a livelihood to those who might otherwise have starved for want of food. In the present famine we have already seen something of such conditions, a demand for labour, high wages and easier means of leaving afflicted districts to gain employment elsewhere. As years go on, such conditions will, it is to be hoped, multiply and will more and more assist the opportunities for a livelihood. I agree with my Hon'ble Colleague that economic questions are amongst the greatest of future Indian problems. I am far from saying there is no political unrest, but I believe that we shall find much more genuine unrest, or rather much more justifiable unrest, in respect to economic difficulties than in the region of so-called politics. That unrest will be associated with the development of Indian home industries, for though India is, in the first place, an agricultural country, it is in the development of resources that India herself possesses that the increasing educated community must look for employment. India will require to cherish her young industries.

"It is on economic, and I would add on social, questions that the future of India so largely rests, questions full of difficulty both largely dependent for their solution on the people of India themselves. There is much in what the Hon'ble the Tikka Sahib has said as to social life in this country, but no one can know better than he does the strength of tradition and veneration with which it is surrounded and the difficulty of bridging the gulf which separates it from modern ideas, and yet with him I earnestly hope that the clouds are beginning to lift,—that we are beginning to look further ahead,—and that racial differences of thought and custom will grow less and less.

"We have been told today of the efforts the Government of India is making to improve its administration in the interests of the people. The Hon'ble Mr. Miller has very ably explained to us the practical and scientific line upon which agricultural interests are being dealt with, and has told us of the success so far obtained by the newly introduced Co-operative Credit Societies in providing capital for agriculturists and of the development of the vast wealth of India's forests; and we have heard too of the many measures in progress to meet the growing demands of trade at Indian ports, amongst them the great work at Rangoon which the enormously increased commerce of Burma has rendered necessary. The outlook for the future is full of promise, but I am aware of the justice of some of the criticisms we have today listened to, such as the natural demand for improved internal communication in proportion to rapidly-growing requirements, dependent largely upon a railway administration, which we must admit has not as yet proved itself quite capable of satisfactorily meeting the calls upon it. I need only

say that railway administration is now in the crucible, and that I hope a system will be evolved which will keep pace with the times.

"The Hon'ble the Maharaja of Darbhanga has alluded to the Calcutta Improvement Scheme—the evidence that much requires to be done stares us in the face—it is not creditable to a great city that a congested population should have been for so long allowed to exist in its midst with the machinery of sanitation either non-existent or neglected,—in circumstances fraught with danger not only to itself, but to surrounding districts.

"The Hon'ble Sir Harvey Adamson has explained the intentions of the Government of India in respect to the scheme which has its warm sympathy. The delay in carrying it out has been unfortunate; at the same time there have been difficulties connected with its furtherance, peculiar to Calcutta, there has been a dearth of Government land, and of assets upon which necessary funds could be raised. I trust that such difficulties have now been overcome.

"The Hon'ble the Maharaja has drawn attention, as have other of my Hon'ble Colleagues, to the necessity for a reduction in military expenditure—a criticism to which His Excellency the Commander-in-Chief has referred. The Anglo-Russian Convention has not unnaturally drawn attention to such considerations; but, welcoming as I do the confirmation of friendly relations with our great neighbours, I cannot admit that any treaty would justify us in allowing our sword to grow rusty in its sheath. My Hon'ble Colleagues are very right in taking exception to extravagance in military expenditure, but I would venture to point out that reduction of expenditure on such a complicated matter as the army cannot be undertaken hastily without incurring grave risks, and a diminution in efficiency which it would be impossible to restore on the sudden appearance of unforeseen emergency.

"The most expensive weapon may be the cheapest in the long run. We may justly claim the recent expedition as an example. His Excellency Lord Kitchener's military organisation enabled us to draw a sharper and better tempered sword than we have ever drawn before—the machinery of the expeditionary force had been tested in the Commander-in-Chief's workshop before it took the field, and, when it did so, it was complete in every detail; the result has been an expedition of exceptional success and brevity, and brevity means economy. If India had preferred a cheaper weapon, we should have had to pay, and pay heavily, for loss of time, to say nothing about loss of life. Short as the expedition was, I hope its lessons will not be thrown away, and that the acceptance of a sound military administration may enable us to look forward with confidence to the great responsibilities of the future.

"Now that the Calcutta session of the Government of India has come to a close, I cannot but recall the words I addressed to my Colleagues at our last Budget debate in reference to the political future, and the reforms which the Government of India had ventured to submit to the Secretary of State. I then gave an assurance that no legislation in connection with those reforms should be undertaken before the public in India and at home had had ample opportunity for an expression of opinion on the proposals we had placed before them.

"Those proposals have now been published and submitted to Local Governments, all of whose replies have not as yet been received. The Government of India has always been anxious for the opinions and the criticisms of the public, and it is to that source they largely look for independent advice; but I confess I was hardly prepared, if my interpretation of his remark is correct, for the concluding portion of the Hon'ble Mr. Gokhale's speech. He tells us that many things have happened during the last few years, but he omits to notice the efforts made by the Government of India to meet the representations put forward in these years, whilst he criticises the action of a Secretary of State, who, whilst determined to support law and order, has been throughout sympathetically in touch with the justifiable aspirations of the people of India.

"My Hon'ble Colleague talks of the Government of India advancing and receding. They have advanced, but they have not receded; they have placed

[*The President.*]

certain proposals for the amelioration of the political position in India before the Indian public, and they have asked that public for its opinion. My Hon'ble Colleague passes by the request that the Government of India have made —not only that, in the face of that offer of reforms he has attributed to us hesitation and want of appreciation of the ambitions of the people of this country. I hope however that, when this Council next assembles, measures will have been accepted by His Majesty's Government and will be ready for legislation here, and which will go far to meet the aspirations of those who have the welfare of the Indian people at heart."

The Council adjourned *sine die*.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA ;
The 27th March, 1908.

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

00134388

Digitized with financial assistance from

Government of Maharashtra

on 01 February, 2020